

Charter Township of Grand Blanc Genesee County, Michigan

Comprehensive Annual Financial Report Fiscal Year Ended December 31, 2007

Prepared by the Controller's Office

Charter Township of Grand Blanc

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June 25, 2008

To the Citizens and the Board of Trustees
of the Charter Township of Grand Blanc
Grand Blanc, Michigan

This letter serves to formally transmit to the citizens and board of trustees of the Charter Township of Grand Blanc the Comprehensive Annual Financial Report for the 2007 fiscal year ended December 31, 2007. Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a management's discussion and analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Charter Township of Grand Blanc's MD&A can be found immediately following the report of the independent auditor. The state statutes require that within six months of the close of each fiscal year, the Charter Township of Grand Blanc issue a report on its financial position and activity, and that an independent firm of certified public accountants audit this report. The accuracy and reliability of the accounting system is dependent on adequate internal control. Since the cost of internal controls should not outweigh their benefits, the Township's framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. Therefore, the accuracy, completeness, and fairness of the financial data reported, including all disclosures, rests with the Township's management, who assumes full responsibility for the information presented in this report and asserts that, to the best of our knowledge and belief, this financial report is complete and reliable in all material aspects. Plante & Moran, PLLC has issued an unqualified opinion on the Charter Township of Grand Blanc's financial statements for the year ended December 31, 2007. The independent auditor's report is located at the front of the financial section of this report.

Township Services

The Charter Township of Grand Blanc (the "Charter Township") provides various services to its citizens. Among these are police protection; community development; by our planning, zoning, code enforcement, and building departments; property assessment; general administrative services; voter registration; garbage collection; mosquito control; partial water and sewer operations; and partial snow removal. The Charter Township also participates with the City of Grand Blanc (the "City") in jointly funded ventures such as Grand Blanc Fire Commission, Grand Blanc Parks and Recreation Commission/Senior Citizen Activity Center, and the Grand Blanc District Library. The Charter Township of Grand Blanc's board is comprised of the supervisor, clerk, treasurer, and four trustees. All board members are elected for a four-year term and their election process coincides with the presidential election.

To the Citizens and the Board of Trustees
of the Charter Township of Grand Blanc
Grand Blanc, Michigan

Economic Condition and Outlook

The Charter Township of Grand Blanc was incorporated in 1833 and is located in the southeastern part of Genesee County. Genesee County is located in the mid-state section of Michigan about 60 miles north of the city of Detroit. The Charter Township currently has a land area of 32.1 square miles and a population of approximately 35,075, per the results of a mid-decade census completed in 2005. The Charter Township has a futuristic, innovative approach to development, but keeps an eye on its rich history and heritage. The result has been structured commercial development, aesthetically pleasing neighborhoods, excellent public services, and top-rated schools. The Charter Township still maintains a rural atmosphere with a variety of age, size, and price for its housing. The Township has 17 residential developments under some phase of construction. With the 17 on-going subdivisions, the average 2007 new home construction cost is \$210,940, which is significantly below the average new home construction cost in 2006. The drop in average new home construction cost is consistent with the slow large home housing market and the fact that the Township has a large active senior community, Del Webb's Grand Reserve, currently under construction. The average size home in Grand Reserve is approximately 2,000 square feet and the price range is \$200,000 to \$250,000.

Grand Blanc Township is an anomaly in Genesee County, as we issued more residential building permits in 2007, issuing 127, than in 2006 when 110 permits were issued for homes and condominiums. As mentioned above, a large portion of the 2007 residential construction took place at Del Webb's Grand Reserve where 478 houses and condominiums are planned for active adults 55 and over.

In 2007, Grand Blanc Township issued 127 new housing building permits, with a projected new construction value of \$26.8 million. We also continued to experience a strong number of residential improvement permits issued, which was greater than the number of residential improvement permits issued for 2006 and 2005. The 2007 residential improvement permits totaled 347 with a projected construction value of \$5.4 million. The number of permits issued for new commercial construction was 21 with a projected new construction value of \$16.1 million, and the number of permits issued for commercial improvements was 61, with a projected improvement value of \$18.6 million. While permits for new commercial construction were down from the previous year, the number of permits issued for both new residential construction and residential improvement increased. New residential construction permits increased 15 percent and residential improvement permits increased 21 percent. This consistency helps support the public's continued community confidence to invest in their homes and businesses in Grand Blanc Township.

To the Citizens and the Board of Trustees
of the Charter Township of Grand Blanc
Grand Blanc, Michigan

A major factor that has contributed to the positive expansion of our Charter Township is the fact that Grand Blanc is located off the first four exits of I-75 just north of the fastest-growing county in Michigan and the fourth wealthiest in the nation, Oakland County. Oakland County residents are finding very affordable housing in the Grand Blanc community and are still within a 30-minute expressway commute from their Oakland County employment. There is continuing economic tension over the future of Delphi and General Motors, Genesee County's two largest employers. While a major portion of Grand Blanc Township's residents are directly or indirectly connected to the automotive industry, the Charter Township is fortunate to be part of the I-75/Automation Alley and the growth spillover from Oakland County.

Besides affordable and diverse housing, varied and growing retail outlets, and work opportunities within a 30-minute drive, an additional drawing point to our community is the Grand Blanc Community Schools, which service 95 percent of the Charter Township. Grand Blanc Community Schools Points of Pride include:

- All schools in the Grand Blanc Community School District received an "A" on the Adequate Yearly Progress Report Card.
- Grand Blanc is ranked among the top Michigan schools academically based on MEAP scores.
- The dropout rate was 0.34 percent for the 2006-2007 school year.
- Over 90 percent of GBHS graduates enroll in an institution of higher learning.
- The Standard and Poor's Performance Cost Index, which compares spending of all Michigan schools to their MEAP performance, ranks Grand Blanc among the best school districts in the state.

The Grand Blanc community is fortunate to have a large number of strong community-based organizations such as the Grand Blanc Chamber of Commerce, Grand Blanc Arts Council, Character Community Council, Grand Blanc Rotary, Kiwanis, Elks, and the Grand Blanc Newcomers Club.

The Charter Township has two General Motors facilities within its boundaries to support its tax base. The Charter Township no longer relies on GM as the major part of the tax base, even though they are still our largest taxpayer. GM's percentage of the tax base decreased from 5.8 percent in 2003 to 4.7 percent in 2004, to 3.4 percent in 2005, to 3.0 percent in 2006, to 2.6 percent in 2007. The metal fabrication plant that has been historically a stamping plant for sheet metal parts has been redesigned as a tooling support facility for new assembly lines. GM invested \$20 million in this transfer and employs approximately 540 employees. The headquarters for General Motors Service and Parts Operation is also located in the Charter Township and employs approximately 1,330 employees.

To the Citizens and the Board of Trustees
of the Charter Township of Grand Blanc
Grand Blanc, Michigan

Even though the State of Michigan and Genesee County continue to experience economic tensions over the future of General Motors and Delphi, the Charter Township's location to Oakland County and I-75/Automation Alley is beneficial to our growth. The Charter Township is hoping to attract high tech companies and to direct future development in a way that maximizes the benefit for the Charter Township. Grand Blanc Township's Community Development Director is developing a "Technology Village" in the southern portion of the Charter Township. The Genesee Regional Chamber of Commerce is vigorously marketing properties in the Technology Village Area to emerging businesses. Employees of research and development firms typically seek out job opportunities in communities that offer a high quality of life. In choosing where to locate, firms look closely at the make-up of a community, seeking communities with a "places to be" atmosphere that will draw professional workers. Grand Blanc Township is well positioned to attract R & D users: Grand Blanc Community schools are among the best in the state of Michigan; the Charter Township's per capita income and educational levels are already among the highest in Genesee County; Grand Blanc has hosted the annual Buick Open Golf Tournament, the only PGA Tour event in Michigan, since 1958; and the Charter Township has an increasing number of retail and entertainment offerings within high quality new developments. And as articulated in the Charter Township's Master Plan Vision Statement, the Charter Township envisions building upon this "unparalleled quality of life" in years to come.

In 2004, the Charter Township hired an outside consultant to develop, consistent with the industry's understanding of the Michigan Supreme Court's case, *Bolt vs. the City of Lansing*, utility rates and tap-in fees for the Township of Grand Blanc's water and sewer department. The results of the study confirmed that the Charter Township should change the way the Charter Township bills for water, which was based on a minimum bill plus consumption, to billing for a "ready to serve" fee and eliminate the minimum bill; increase the water tap-in fees from \$1,600 to \$4,500; and increase the sewer tap-in fees from \$1,600 to \$5,100. The revenue generated from the tap-in fees has been designated to help fund the Charter Township's future water and sewer infrastructure needs. In 2007, \$2.0 million in tap-in fees was collected and that revenue has been combined with the \$2.5 million collected in 2006 and \$6.3 million collected in 2005 to fund projects identified in the Water and Sewer five-year capital improvement plan, which included constructing the Baldwin Road Elevated Water Tower (1,000,000 gallons), Knollwood and Stockbridge emergency back-up wells, Embury Road booster pump station, two DPW storage facilities, Center Road to Dort Highway water main and sanitary sewer replacements, and improvements on Vassar Road and Fenton Road.

Major Initiatives

The Charter Township's government has been involved in a variety of projects throughout the year, from constructing a new \$10 million police station to the water and sewer improvements listed above. These projects reflect the Charter Township's commitment to ensuring that its citizens are able to live and work in an enviable environment. The mission statement of the Charter Township of Grand Blanc is, "A planned and progressive community which provides a safe, caring, and quality environment in which to live, work, and play."

To the Citizens and the Board of Trustees
of the Charter Township of Grand Blanc
Grand Blanc, Michigan

The Grand Blanc Township Police Department is a progressive, full-service, C.A.L.E.A. accredited, law enforcement agency. The department provides 24/7 police service including dispatching, D.A.R.E., senior citizens call-in, vacation checks, operation identification, K-9 unit, motorcycle unit, motor carrier unit, child safety seat inspections, and an accident reconstruction team.

In June 2006, the Fire Prevention Bureau came into full operation with the hiring of four part-time fire inspectors. The goal of the Fire Prevention Bureau is to provide fire inspections on all commercial and industrial buildings, as well as reduce response time and develop fire safety educational programs for our community.

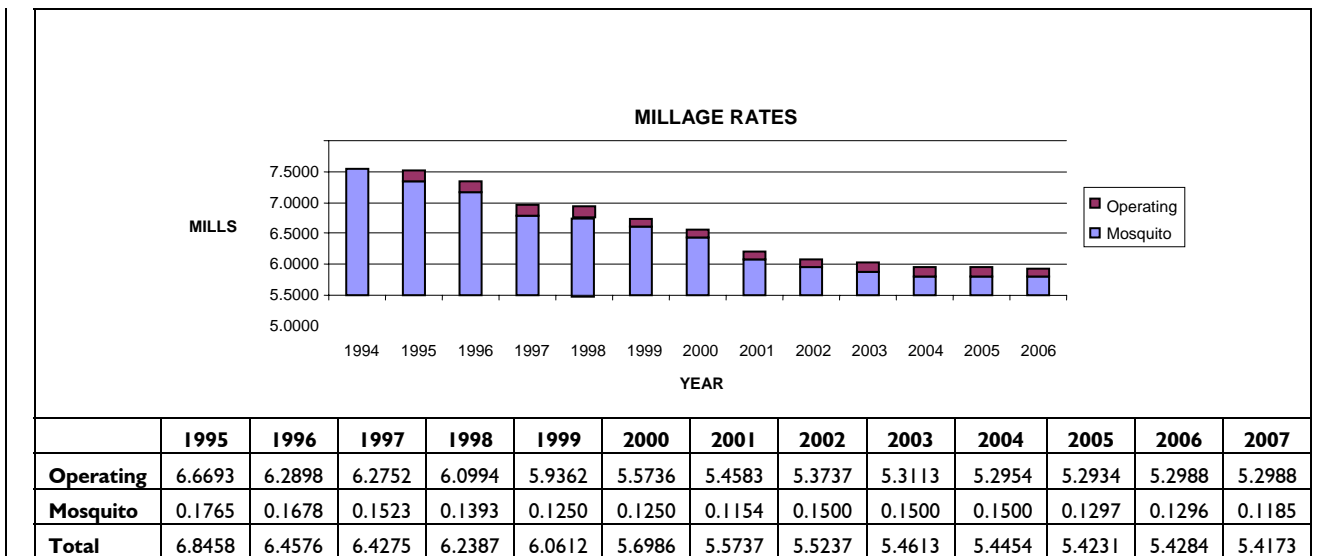
The continued growth of the Charter Township is directly related to the infrastructure capabilities. The total water lines increased in 2007 by six miles to 188 total miles and the sanitary sewer system increased nine miles to 237 total miles. As stated above, there were six major water and sewer projects which were under construction in 2007, using the revenue generated from the tap-in fees, in an effort to continuously improve the Charter Township's infrastructure capabilities.

A goal from the Charter Township's strategic planning session of 2002 was to prepare the Charter Township for addressing the crowded conditions it was experiencing within the administrative building. With the December 2001 tax millage, the Charter Township had paid in full three water/sewer bonds that had accounted for approximately .4 mills. Following public hearings, the Charter Township board of trustees increased the general operating millage .3 mills for the winter of 2002. This additional .3 millage was specifically dedicated for a Municipal Campus Project plan. All of the water and sewer debt was paid off in 2004, and the Charter Township board increased the general operating millage .4 mills for the winter 2004 tax collection and dedicated this additional revenue to the Municipal Campus Project Fund. Combining this millage with the dedicated .3 mills increase in 2002 produces approximately \$900,000 annually. This will give the Charter Township a solid base to borrow monies for the construction of the Municipal Campus Plan. The Grand Blanc police headquarters building was the first building project in the Municipal Campus plan and was completed in December 2007. The Municipal Campus plan will ultimately include a new Township Hall, Veterans Memorial, enclosed Department of Public Works buildings, and a walking path surrounding an existing two-acre natural wetland. There will also be improved services in the existing Charter Township building including a totally renovated fire station and Department of Public Services offices. The Charter Township is addressing its facility needs, yet not increasing the total Charter Township millage to its residents.

The Charter Township invested over \$10.2 million in 2007 for capital projects/purchases, of which the majority was directly related to the construction of the new 41,190 square foot police station and infrastructure improvements to the municipal campus. Other General Fund capital investments made in 2007 included technology upgrades to the Township's website, security systems, telephone system, and computer systems. The Capital Projects Fund balance of \$1.9 million will be carried forward to the 2008 year.

To the Citizens and the Board of Trustees
of the Charter Township of Grand Blanc
Grand Blanc, Michigan

For the eighteenth consecutive year, the Charter Township board of trustees reduced the total Charter Township tax millage. The 2006 Charter Township millage of 5.4230, which is reported as revenue in 2007, was slightly lower than in 2005. See the following bar graph.



Achievements

Jeffery Cyphert, CMFA, Grand Blanc Treasurer, served as the President of the Association of Public Treasurers of the United States and Canada. That organization bestowed its highest honor upon Mr. Cyphert, the Dr. Jackson R. E. Phillips Award, essentially naming him treasurer of the year.

Peggy Nolde, CMAE-4, Grand Blanc Township Assessor, earned the Certified Assessment Evaluator Professional Designation Award.

Keith Edwards, Grand Blanc Township Community Development Director, earned the Master Citizen Planner (MCP) Certification. The MCP credentialing program was developed to provide advanced skill development and a benchmark for continuing education. Keith also serves as an executive board member on the Michigan Association of Planning Board.

Chief Jim Harmes served as president of the International Fire Chiefs Association.

On July 12, 2003, the Charter Township's police department was awarded recognition and accreditation by C.A.L.E.A. (Commission on Accreditation for Law Enforcement Agencies). This is a nationally prominent award with annual recertification requirements. In 2007, the department met all applicable policing standards according to its size and function. The standards addressed all areas of administration, operation, and technical activities. A C.A.L.E.A. team of assessors performed a comprehensive review of all aspects of the police department.

To the Citizens and the Board of Trustees
of the Charter Township of Grand Blanc
Grand Blanc, Michigan

Chief David Stamm was re-appointed in 2006 by Governor Jennifer Granholm to serve on the Governors Traffic Safety Advisory Commission for a term ending May 27, 2008. Chief Stamm was also elected as the president of the Genesee County Chiefs of Police Association.

Officer Scott Theede was elected as president of the DARE Officers Association of Michigan. Officer Todd Gilbert was elected as vice president.

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Charter Township of Grand Blanc for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2006. This was the twelfth consecutive year that the Charter Township has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Accounting Systems and Budgetary Control

The Charter Township of Grand Blanc board of trustees adopts an annual budget in accordance with the State of Michigan Uniform Budgeting Act, P.A. 621 of 1978. The Charter Township's fiscal year is January through December. The annual budget is adopted each December for the subsequent year. Budgetary controls include the requirement that expenditures do not exceed revenues for the year, while maintaining a General Fund balance between 12 percent and 15 percent of General Fund revenues. The board of trustees must approve all budget amendments made throughout the fiscal year.

As a recipient of federal and state financial assistance, the Charter Township is responsible for ensuring an adequate internal control structure is in place to ensure and document compliance with applicable laws and regulations related to these programs. Management evaluates this internal control structure annually.

As demonstrated by the statements and schedules included in the financial section of this report, the Charter Township continues to meet its responsibility for sound financial management.

To the Citizens and the Board of Trustees
of the Charter Township of Grand Blanc
Grand Blanc, Michigan

Pension and Postemployment Benefits

The Charter Township of Grand Blanc provides pension programs to its full-time employees. Per the collective bargaining agreement with the Charter Township's police command, sergeants, patrol officers, and dispatchers, their pension program has been transferred to the Municipal Employees' Retirement System of Michigan (MERS), with the Charter Township paying a fixed rate and the employees' rate adjusted per an actuary (see Note 10). All the administrative and DPW employees belong to a defined contribution program, whereas the Charter Township contributes a flat percentage of the employee's gross wages to the pension program. The Charter Township has made every required payment to the pension program since the beginning of the program (see Note 10).

In an effort to address healthcare costs for current and future retirees of the Charter Township of Grand Blanc, the Charter Township has established a dedicated Employee Benefits Fund (see Note 14). The intent is to set aside some of the yearly revenues over expenditures into this fund. At some future point in time, the annual cost of retiree health care will be paid from the investments from this fund. The 2007 actual expenditure for the insurance benefits of the Charter Township's retired employees was \$249,590 and was paid out of the 2007 budget. As noted in the Fiduciary Funds section of the other supplemental information, the Charter Township has \$1,859,360 in this fund as of December 31, 2007.

The Governmental Accounting Standards Board recently released Statement Number 45, *Accounting and Reporting by Employers for Post-employment Benefits Other than Pensions*. The new standard will cause the government-wide financial statements to recognize the cost of providing retiree healthcare coverage over the working life of the employee, rather than at the time the healthcare premiums are paid. The new pronouncement is effective for the year ending December 31, 2008. The Charter Township contracted with Rodwan Consulting Company to complete the required other postretirement benefits (OPEB) actuarial study and the information was presented regarding the projected annual OPEB costs for compliance with GASB 45 to the board during the first half of 2007 (see Note 14).

Deferred Compensation Plan

The Charter Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer a portion of their current salary until future years. The deferred compensation funds are not available to employees until termination, retirement, death, or unforeseeable emergency.

To the Citizens and the Board of Trustees
of the Charter Township of Grand Blanc
Grand Blanc, Michigan

Cash Management

The Charter Township operates under the direction of its nationally recognized investment policy and the parameters established by the State of Michigan. The Charter Township's investment policy received two Certifications of Excellence from the Municipal Treasurers Association United States and Canada. For 2007, the Charter Township's investments provided an average yield on all funds of approximately 5.38 percent. Cash temporarily idle during the year was invested in certificates of deposits and demand deposits ranging from seven days to 120 days to maturity; commercial paper ranging from 19 days to 90 days to maturity; U.S. government instruments; and authorized investment pools. Any uninvested funds in the bank checking accounts were swept into interest-bearing sweep accounts. As checks were presented for payment, monies to cover the checks were transferred from the trust accounts back into the checking accounts. The type of investment and length of investment were determined by the Charter Township's four objectives: safety of capital; liquidity; return on investment; and maintaining the public's trust. Since a large portion of the Charter Township's deposits is not insured and Michigan law does not require collateralization of government deposits, the Charter Township uses a national independent rating service to review and rate depository banks and savings and loan institutions. The status of all financial institutions is reviewed quarterly. The Charter Township board of trustees and the public are presented a quarterly comprehensive investment report identifying all investments and interest earned by type and fund, in addition to GASB 40 disclosures. GASB 40 identifies a number of reporting and disclosure requirements for public funds that are designed to manage and limit risk in deposits and investments. The Charter Township's quarterly investment report identifies and discloses information regarding interest rate risk, credit risk, and concentration of risk as required by GASB 40. The report also contains comments on current economic conditions, investment strategies, and a performance comparison with standard indices.

Risk Management

The Michigan Township Participating Plan covers the Charter Township's liability and the Accident Fund Company covers workers' compensation. Sun Life Insurance covers the employees' disability insurance.

Independent Audit

State statutes require an annual audit by independent certified public accountants. The Charter Township's board of trustees selected the firm of Plante & Moran, PLLC. The Charter Township of Grand Blanc met all requirements as set forth by Michigan state statutes. The auditors, in conducting the audit, used auditing standards generally accepted in the United States of America. Plante & Moran, PLLC's report on the basic financial statements is included in the financial section of this report.


To the Citizens and the Board of Trustees
of the Charter Township of Grand Blanc
Grand Blanc, Michigan

Acknowledgments

After 15 years as Township treasurer, Jeff Cyphert announced his retirement effective February 29, 2008. At the February 14, 2008 Township board meeting, residents, co-workers, and government officials, including treasurers from other communities, thanked Mr. Cyphert for his many years of service, willingness to share knowledge, integrity, and citing his numerous achievements.

The preparation of the Comprehensive Annual Financial Report was made possible by the efficient and dedicated services of the entire staff of the finance department and the help, insight, and support from the former Township treasurer, Mr. Jeff Cyphert. I would like to express my appreciation to Mr. Cyphert and the Charter Township's finance department for their assistance and input. Additionally, the accounting firm of Plante & Moran, PLLC made substantial contributions in the preparation of this document. Lastly, I wish to acknowledge the Charter Township of Grand Blanc board of trustees for their interest and commitment to responsible, prudent, and progressive financial leadership.

Respectfully submitted,

A handwritten signature in cursive script that reads "Debra P. Barriger".

Debra P. Barriger
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Charter Township
of Grand Blanc, Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Charles S. Cox

President

Jeffrey R. Emer

Executive Director

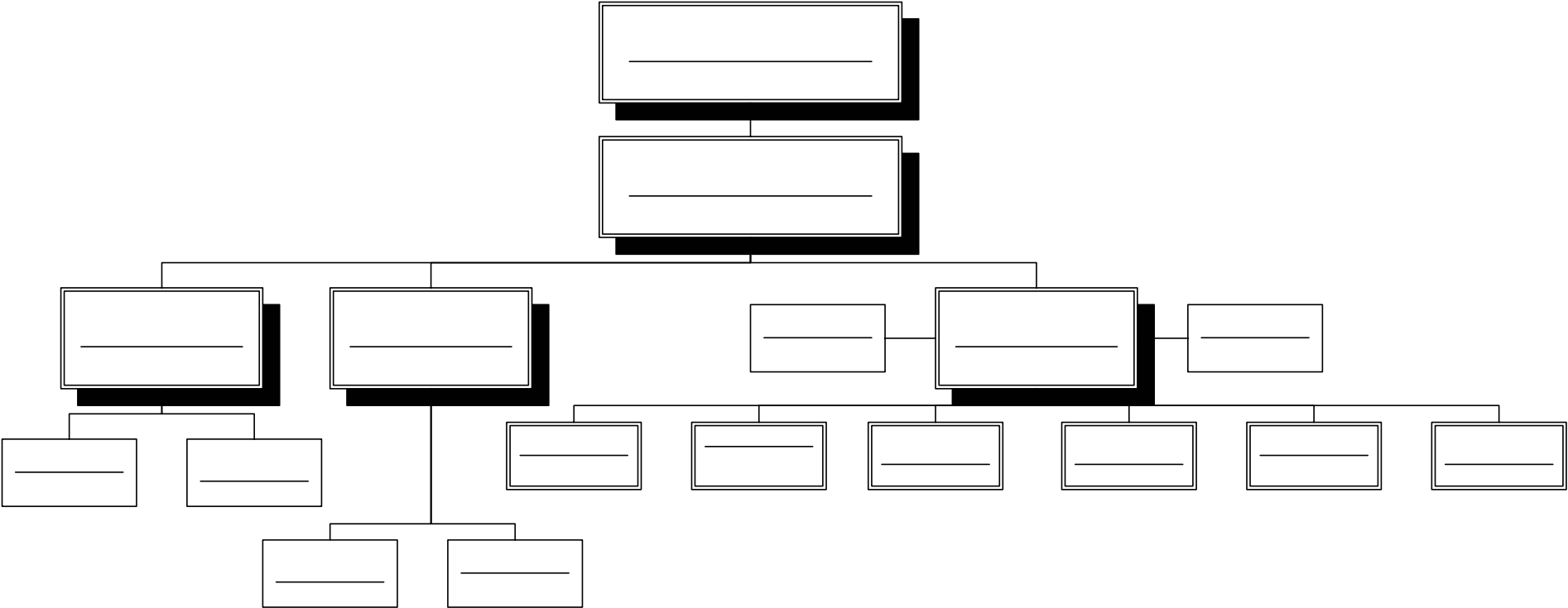
Charter Township of Grand Blanc

List of Principal Officials December 31, 2007

Title	Name
Supervisor	Jeffrey Zittel
Clerk	Linda Kingston
Treasurer	Jeffery L. Cyphert
Board of Trustees	Paul Bush Roger Swaim Marilyn M. Hoffman Ann Moss
Finance Director	Debra Barriger
DPW Superintendent	Roger Buell
Police Chief	David Stamm
Fire Chief	James B. Harmes
Assessor	Peggy Nolde
Building Official	Kirk F. Richardson
Parks and Recreation Director	Kae A. Eidson
Community Development Director	Keith Edwards
GIS Coordinator	Robbie Beller

Charter Township of Grand Blanc

Charter Township of Grand Blanc Organization Chart



Independent Auditor's Report

To the Board of Trustees
Charter Township of Grand Blanc
Genesee County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of Grand Blanc as of and for the year ended December 31, 2007, which collectively comprise the Charter Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Charter Township of Grand Blanc's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year comparative information presented for the proprietary fund has been derived from the Township's 2006 financial statements and, in our report dated June 1, 2007, we expressed an unqualified opinion on the financial statements of that major fund.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of Grand Blanc as of December 31, 2007 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

To the Board of Trustees
Charter Township of Grand Blanc
Genesee County, Michigan

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of Grand Blanc's basic financial statements. The management's discussion and analysis and the budgetary comparison schedules, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. The introductory section, other supplemental information, and statistical section, as identified in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The budgetary comparison schedules and other supplemental information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. We have applied certain limited procedures to the management's discussion and analysis, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it. The introductory section and statistical section have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The financial statements include partial prior-year comparative information. Such information does not include all of the information required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended December 31, 2006, from which such partial information was derived.

Plante & Moreau, PLLC

June 3, 2008

Charter Township of Grand Blanc

Management's Discussion and Analysis

This section of the Charter Township of Grand Blanc's (the "Charter Township") annual financial report presents our discussion and analysis of the Charter Township's financial performance during the fiscal year ended December 31, 2007. Please read it in conjunction with the transmittal letter at the front of this report and the Charter Township's financial statements, which follow this section.

Overview of the Financial Statements

The 2007 Comprehensive Annual Financial Report of the Charter Township of Grand Blanc follows a similar format used in 2006. This annual report has been changed to comply with the reporting requirements of the Government Accounting Standards Board Statement No. 34. This annual report consists of five parts - management's discussion and analysis, the basic financial statements, required supplemental information, other supplemental information (which presents combining statements for non-major governmental funds and fiduciary funds), and a statistical section. The basic financial statements include two kinds of statements that present different views of the Charter Township. The first two statements are government-wide financial statements that provide both short-term and long-term information about the Charter Township's status. The remaining statements are fund financial statements that focus on individual parts of the Charter Township government, reporting in more detail than the government-wide statements.

Government-wide Statements

The government-wide statements report information about the Charter Township as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the Charter Township's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid (full accrual).

The two government-wide statements report the Charter Township's net assets and how they have changed. Net assets, the difference between the Charter Township's assets and liabilities, are one means to measure the Charter Township's financial health or position.

The government-wide financial statements of the Charter Township are divided into two categories:

- **Government activities** - Most of the Charter Township's basic services are included here, such as police, general administration, public works, fire protection, recreation, and culture. Property taxes, state-shared revenue, charges for services, and investment earnings provide most of the funding for the services.
- **Business-type activities** - The Charter Township charges fees to customers to help it cover the costs of certain services it provides. The Charter Township's water and sewer system is included here.

Charter Township of Grand Blanc

Management's Discussion and Analysis (Continued)

Fund Financial Statements

The fund financial statements provide more detailed information about the Charter Township's most significant funds - not the Charter Township as a whole. Funds are accounting devices that the Charter Township uses to keep track of specific sources of funding and spending for particular purposes. Some of the Charter Township's funds are required by state law. The Charter Township's board of trustees establishes other funds to control and manage money for particular purposes (such as the Municipal Campus Project) or to show that it is properly using certain taxes or grants (such as the Drug Forfeiture Fund).

The Charter Township has three kinds of funds:

- **Governmental funds** - Most of the Charter Township's basic services are included in the governmental funds, which focus on how cash and other financial assets can readily be converted to cash flow in and out, and the balances left at year end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Charter Township's operation.
- **Proprietary funds** - Services for which the Charter Township charges customers a fee are generally reported in proprietary funds. Proprietary funds, like government-wide statements, provide both long- and short-term financial information. The Charter Township's only proprietary fund is the Department of Public Works (DPW) and accounts for the operations of water and sewer services.
- **Fiduciary funds** - The Charter Township is the trustee, or fiduciary, for ensuring that the assets reported in these funds are used for their intended purpose. All of the Charter Township's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the Charter Township's government-wide financial statements because the Charter Township cannot use these assets to finance its operation.

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplemental Information includes the budgetary comparison statements for the General Fund and major Special Revenue Fund as well as budget footnotes. This required supplemental information is in addition to the basic financial statements and accompanying notes.

Other Supplemental Information includes the budgetary comparison statements for the major Capital Projects Fund, nonmajor governmental funds, the budget footnotes, and the combining schedules for the nonmajor governmental funds and the fiduciary funds.

Charter Township of Grand Blanc

Management's Discussion and Analysis (Continued)

Financial Analysis of the Charter Township as a Whole

The Charter Township has combined net assets of \$103.1 million. This was a total increase of \$4.5 million or 4.6 percent for 2007. The business-type activities comprised \$89.7 million and government activities accounted for \$13.5 million of total net assets. The business-type activities experienced a \$4.0 million increase in net assets. This increase was primarily due to the water and sewer lines donated by developers of \$2.3 million and the completion of the Baldwin Road Water Tower and Embury Road Booster Pump station. The governmental activities showed an increase of \$0.5 million of net assets. This year's report provides comparative data for the statement of activities. We felt it was necessary to establish a benchmark for this year's reporting of the effect on the Charter Township's net assets. In a condensed format, the table below shows a comparison of the net assets as of the current date to the prior year. All numbers are in thousands.

TABLE I

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
	(in thousands)					
Assets						
Current and other assets	\$ 19,633	\$ 27,127	\$ 11,397	\$ 9,942	\$ 31,030	\$ 37,069
Capital assets	17,261	8,098	80,340	77,445	97,601	85,543
Total assets	36,894	35,225	91,737	87,387	128,631	122,612
Liabilities						
Long-term liabilities outstanding	11,710	11,367	65	71	11,775	11,438
Other liabilities	11,727	10,876	1,985	1,644	13,712	12,520
Total liabilities	23,437	22,243	2,050	1,715	25,487	23,958
Net Assets						
Invested in capital assets - Net of related debt	6,719	6,313	80,340	77,445	87,059	83,758
Restricted	805	791	-	-	805	791
Unrestricted	5,933	5,878	9,347	8,227	15,280	14,105
Total net assets	<u>\$ 13,457</u>	<u>\$ 12,982</u>	<u>\$ 89,687</u>	<u>\$ 85,672</u>	<u>\$ 103,144</u>	<u>\$ 98,654</u>

Both the business-type and governmental activities showed increases for 2007 in total net assets of 4.7 percent and 3.7 percent, respectively. The category changes are minimal and consistent with the prior year.

Charter Township of Grand Blanc

Management's Discussion and Analysis (Continued)

Governmental Activities

Revenues for governmental activities totaled \$14.4 million in 2007. The synopsis of the Charter Township's tax millage for 2006, which was revenue in 2007, was 3.6806 for Charter Township operation and 0.7 for master campus plan; .9128 for Charter Township police; and .1296 for Charter Township mosquito control. Of the total revenues, \$8.1 million or 56.3 percent were in the form of property tax collections. Our residential and commercial growth continues to support annual increases in property tax revenues. State-shared revenue contributed 15.9 percent or \$2.3 million of the total revenues. Revenue sharing continues to be an area of concern; as the State of Michigan works at its economic recovery and balancing its budget, it is continuing to reduce the per person funding to all governmental entities.

Charges for governmental services represent 17.7 percent of the total revenues. The Charter Township's housing construction provides building permits and inspection fees, which represents 30 percent of the charges for services revenue. This is a further example of how growth is positively affecting the Charter Township.

Governmental net assets for 2007 increased \$474,597.

TABLE 2

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
	(in thousands)					
Revenue						
Program revenue:						
Charges for service	\$ 2,559	\$ 2,267	\$ 9,144	\$ 7,763	\$ 11,703	\$ 10,030
Operating grants and contributions	359	295	456	-	815	295
Capital grants and contributions	-	40	4,272	3,840	4,272	3,880
General revenue:						
Property taxes	8,121	7,528	-	-	8,121	7,528
State-shared revenue	2,288	2,568	-	-	2,288	2,568
Unrestricted investment earnings	1,016	651	463	494	1,479	1,145
Transfers	-	-	-	-	-	-
Miscellaneous	92	279	-	-	92	279
Total revenue	14,435	13,628	14,335	12,097	28,770	25,725

Charter Township of Grand Blanc

Management's Discussion and Analysis (Continued)

TABLE 2 (Continued)

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
	(in thousands)					
Expenses						
General government	\$ 2,715	\$ 3,151	\$ -	\$ -	\$ 2,715	\$ 3,151
Public safety	7,975	7,060	-	-	7,975	7,060
Public works	2,008	2,144	-	-	2,008	2,144
Community and economic development	433	259	-	-	433	259
Recreation and culture	345	121	-	-	345	121
Interest on long-term debt	484	198	-	-	484	198
Water and sewer	-	-	10,320	8,890	10,320	8,890
Total expenses	<u>13,960</u>	<u>12,933</u>	<u>10,320</u>	<u>8,890</u>	<u>24,280</u>	<u>21,823</u>
Increase in Net Assets	475	695	4,015	3,207	4,490	3,902
Net Assets - Beginning of year	<u>12,982</u>	<u>12,287</u>	<u>85,672</u>	<u>82,465</u>	<u>98,654</u>	<u>94,752</u>
Net Assets - End of year	<u><u>\$ 13,457</u></u>	<u><u>\$ 12,982</u></u>	<u><u>\$ 89,687</u></u>	<u><u>\$ 85,672</u></u>	<u><u>\$ 103,144</u></u>	<u><u>\$ 98,654</u></u>

Business-type Activities

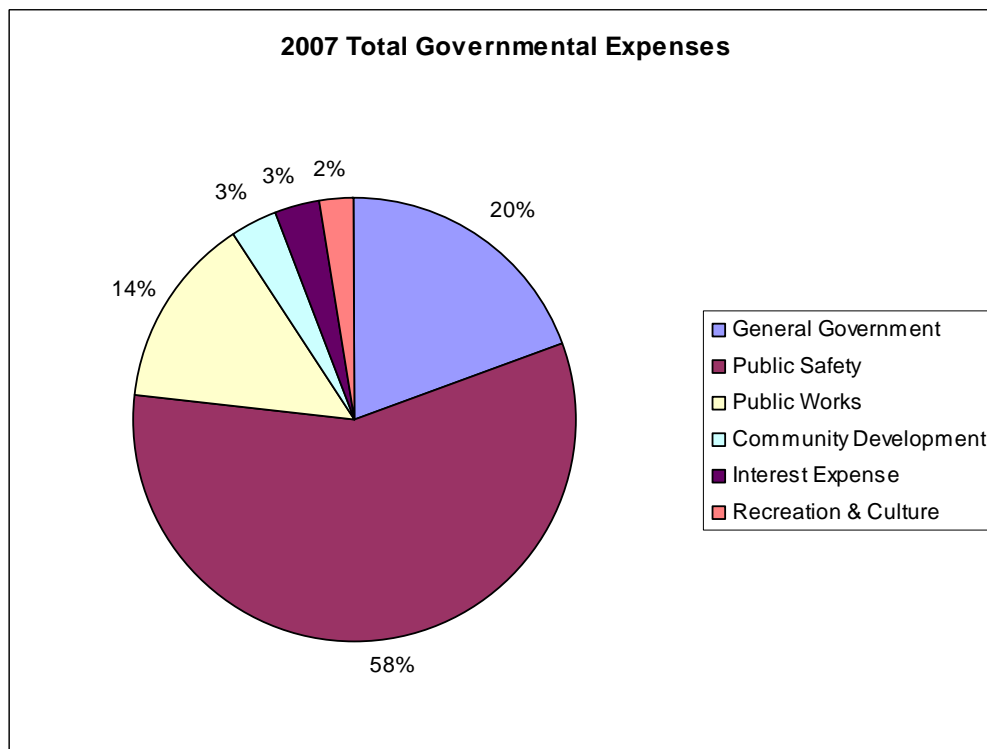
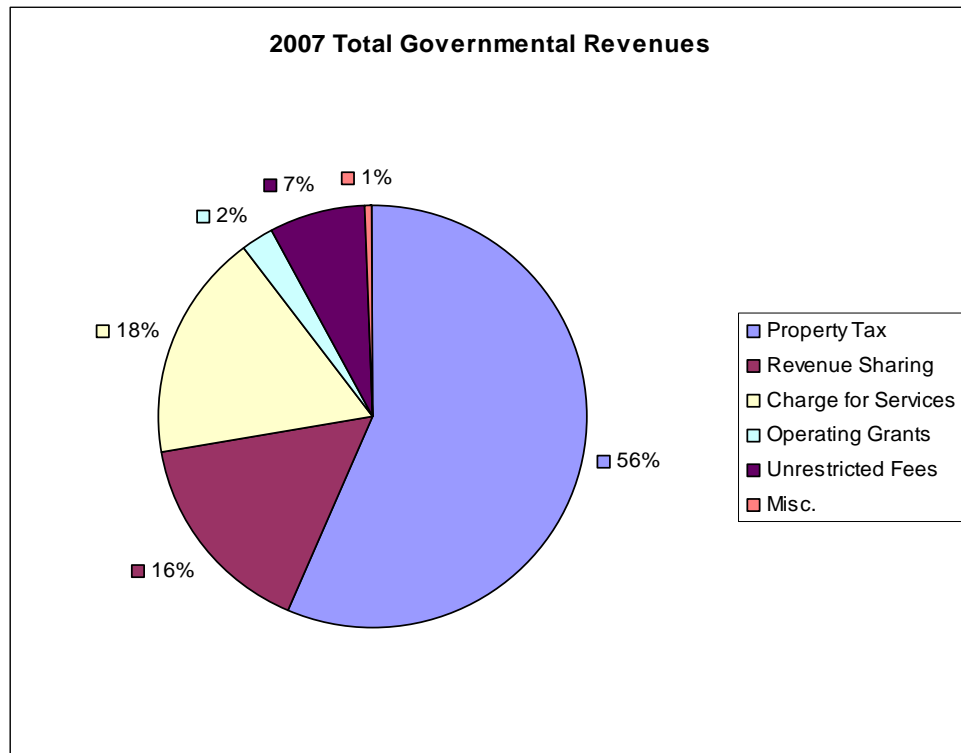
The Charter Township has one business-type activity: the water and sewer system. The Charter Township purchases water from Genesee County and the Charter Township's sewage is pumped to Genesee County treatment facilities. User fees and charges for services primarily fund the water and sewer operations. The revenues from charges for services of \$9.1 million covered 88.6 percent of the \$10.3 million of water and sewer expenses. The Charter Township's goal is to have the water and sewer operations self-supporting. The \$4.3 million of capital grants and contributions represents the infrastructure that was donated to the Charter Township by the developers, special assessment districts that were constructing new subdivisions, and water and sewer tap-in fees. In 2007, \$2.0 million of tap-in fees collected was used to help fund the projects identified in the Water and Sewer five-year capital improvement plan, which includes the construction of the Baldwin Road Water Tower, Knollwood and Stockbridge emergency back-up wells, Embury Road booster pump station, two DPW storage facilities, Center Road to Dort Highway water main and sanitary sewer replacement, and improvements on Vassar Road and Fenton Road. The net assets for business-type activities at the end of 2007 show an increase of \$4 million.

In October 2006, Rowe, Inc. and Potter Consulting secured an S2 grant from the Michigan Department of Environmental Quality on behalf of Grand Blanc Township for the purpose of further evaluating inflow and infiltration (I&I) issues in the Charter Township sanitary sewer system and developing a project plan to reduce I&I to an acceptable level. The total project cost is \$1,079,200 with the grant providing \$971,280 and the Charter Township contributing 10 percent or \$107,920. This study, Phase IV I & I Study, is a two-year project ending in February 2009. The 2007 reimbursement from the S2 grant totaled \$376,254.

Charter Township of Grand Blanc

Management's Discussion and Analysis (Continued)

The following pie charts offer a quick view of the revenues and expenses of governmental activities as a percentage of the whole.



Charter Township of Grand Blanc

Management's Discussion and Analysis (Continued)

Capital Assets

The Charter Township has combined net capital assets of approximately \$97,601,000. The following schedule provides a summary of the capital assets, net of accumulated depreciation for 2007 and 2006. Numbers are in thousands.

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
	(in thousands)					
Land	\$ 2,558	\$ 1,857	\$ 238	\$ 238	\$ 2,796	\$ 2,095
Construction in progress	281	1,943	1,051	3,622	1,332	5,565
Buildings and improvements	13,792	3,324	1,679	369	15,471	3,693
Furniture and equipment	355	497	2,289	2,121	2,644	2,618
Water and sewer distribution systems	-	-	74,462	70,328	74,462	70,328
Vehicles	275	477	621	767	896	1,244
Total	<u>\$ 17,261</u>	<u>\$ 8,098</u>	<u>\$ 80,340</u>	<u>\$ 77,445</u>	<u>\$ 97,601</u>	<u>\$ 85,543</u>

The Charter Township's governmental funds invested over \$9.8 million in 2007 for capital projects/purchases, of which \$8.0 million was directly related to the construction of the new 41,190 square foot police station. The remaining \$2.1 million in capital investments included municipal campus infrastructure improvements, technology upgrades to the computer system, security system, telephone system, and website. The Capital Projects Fund balance of \$1.9 million will be carried forward to the 2008 year to be used for road improvements, pathways, police vehicles, and improvements at Bicentennial Park.

In the proprietary fund, the Charter Township received donated sewer and water line infrastructure assets in the amount of \$2.3 million and collected \$2.0 million in tap-in fees which are being used to fund the projects identified in the water and sewer five-year capital improvement plan. Projects include the Baldwin Road elevated water tower, Embury Road booster pump station, two DPW storage facilities, Knollwood and Stockbridge emergency back-up wells, Center Road to Dort Highway water main, and sanitary sewer replacements and improvements on Vassar Road and Fenton Road. While the Charter Township purchases its water from Genesee County, it still maintains its well system for backup and/or emergency use. Additional capital assets acquired in 2007 from the proprietary fund included a JCB Excavator, 2007 Vactor Truck, sewer TV equipment, new telephone, and security systems. Additional information on the Charter Township's capital asset activity can be found in Note 4 in the notes to financial statements section.

Charter Township of Grand Blanc

Management's Discussion and Analysis (Continued)

Long-term Debt

The Charter Township has a total of \$11,710,000 in long-term governmental debt and \$64,700 in long-term business activity debt as of December 31, 2007. Of this total debt, \$10,800,000 or 91.7 percent is related to the issuance of a 25-year general obligation limited tax capital improvement bond for construction of a new police station; \$523,400 or 4.4 percent is related to employee-compensated absences; and \$377,000 or 3.2 percent of the debt is related to road improvement projects. The Charter Township has a policy of assisting subdivisions in financing road improvements within the Charter Township that are completed by the Genesee County Road Commission; typically these obligations are then paid over a 10-year period. The Charter Township's debt represents 11.3 percent of total net assets of governmental activities and business-type activities. Additional information on the Charter Township's long-term debt activity can be found in Note 6 in the notes to financial statements section.

The Charter Township's Nonmajor Governmental Funds

On pages 52 and 53 of this report, there is a summary of three types of non-major governmental funds:

- **Special Revenue Funds** - These funds were established to meet specific requirements or needs that would allow the Charter Township to track specific revenues and expenditures. The Drug Forfeiture Fund, Law Enforcement Fund, and PEG (public, educational, and government) Channel Grant Fund are self-explanatory. The Bicentennial Park Fund was established to track revenues from a cell tower located on Charter Township property that is used by the local parks and recreation department. These funds are to be used for Bicentennial Park improvements.
- **Capital Projects Funds** - These funds, the Capital Projects Fund and the Master Campus Project Fund, identify specific capital projects and track the related expenditures. For the Municipal Campus Project Fund, the Charter Township Board has identified specific tax revenues to be used for the new Charter Township municipal campus plan's design and construction of the improvements.
- **Permanent Funds** - The Charter Township is responsible for three cemeteries, Oakwood Cemetery, Perry-McFarland Cemetery, and Maple Cemetery. These funds identify the principal monies and the investment revenue that is expendable for maintenance.

Financial Analysis of Charter Township Funds and Budgets

The following budget analysis comes from the data provided in the budgetary comparison schedules - General Fund on pages 47 and 48 of this report. The Charter Township's total budgeted revenues for 2007 were \$12,796,199, with actual revenue coming in at \$12,718,462 for a shortage of \$77,737 or less than 1 percent. The revenue shortfall areas were building permit and zoning fees, state revenue sharing, and tax collection fees.

Charter Township of Grand Blanc

Management's Discussion and Analysis (Continued)

The Michigan economy has clearly been affected by the sluggish performance of the automobile industry and related enterprises, which has affected the Township's building department. Too many foreclosure homes are on the market, making the anticipated new home construction market to fall below expectations.

State revenue sharing was budgeted at \$2,337,050, with actual state revenue sharing coming in at \$2,288,035 for a shortfall of \$49,015. The State of Michigan is facing numerous budget constraints and it is continually looking at the state revenue-sharing program to help with its budget shortfalls. The Michigan Township Association is lobbying hard against any additional reductions in the program as numerous local governments have been hit hard with these cuts. As mentioned earlier, the Charter Township conducted a mid-decade census that increased our certified population count by 18 percent to 35,075, to help to preserve the Township's share of the state revenue-sharing program. Unfortunately, Grand Blanc Township did not receive any additional state revenue-sharing funding in 2007 for the population increase due to the State of Michigan's budget cuts.

The Charter Township's General Fund had budgeted expenditures of \$11,852,044 and actual expenditures were \$11,349,936. The net effect for 2007 shows an excess of revenues over expenditures prior to transfers out of \$1,368,526. After transfers out of \$1,257,353, revenues and other financing uses exceeded expenditures by \$111,173. This increased the Charter Township's 2007 General Fund balance to \$1,615,032 or 12 percent of 2008 General Fund expenditures, which is in compliance with the Charter Township's General Fund balance policy.

Current Economic Conditions

The General Fund for the Charter Township's operations has two major funding sources and a number of smaller sources. Property taxes and state revenue sharing constitute the major funding sources with 63.9 percent and 18.6 percent, respectively, of the total Charter Township General Fund revenue. Even though the demand for new housing has slowed, the increase in commercial property permits has continued to keep the Charter Township as the number one governmental entity for permits issued in Genesee County for the eleventh year in a row. Housing plats that have had initial approval from the Charter Township board that have not been developed equate to approximately 5,000 lots. Continued housing opportunity is available in our Charter Township. There were 127 new housing permits issued and 21 new commercial permits issued in 2007. The statistical section shows that the Charter Township's ad valorem taxable value has increased an average of 8.0 percent per year for the last 11 years. The \$97.6 million increase for 2007 equated to a 7.0 percent increase over 2006.

Two major commercial developers purchased 80 acres and 75 acres of land within the Charter Township. Both are in the process of developing their land via the Planned Unit Development (PUD) concept.

Charter Township of Grand Blanc

Management's Discussion and Analysis (Continued)

Heritage Park has completed the three major phases of the 80-acre commercial development valued at approximately \$100,000,000, which included the opening of Wal-Mart, Sam's Club, Kohl's, PetSmart, Staples, MC Sporting Goods, Panera Bread, Leo's Coney Island, CiCi's Pizza, and others during 2006. Flagstar Bank was completed in 2007 and a stand-alone restaurant is planned as the capstone of the development for 2008.

The 75-acre Trillium Circle Life Style Center of commercial development constructed Buffalo Wild Wings and a 400-seat IMAX theatre addition to the existing 14-screen movie theater during 2007. This project, valued at approximately \$75,000,000, is expected to be 35 percent complete by 2008.

The Charter Township has experienced a boom in medical office development and approved over 100,000 sq. ft. for completion in 2007, including a 50,000 sq. ft. outpatient surgery center at Genesys Regional Medial Center, a 28,000 sq. ft. Regional Cardiology building, an 8,000 sq. ft. Woman's Speciality Associates, and other smaller medical offices.

In addition, Holiday Inn Express, Dort Federal Credit Union, and Augusta Park #2 were completed in 2007. Flint Area School Employees Credit Union, Financial Plus Credit Union, Assumption Greek Orthodox Church, and a Rite-Aid were under construction at the end of the year.

First quarter figures for 2008 for new residential construction showed a significant decrease from 2007 in the number of new house permits issued. Most of the new residential construction permits are for homes at Del Webb's Grand Reserve community, where 478 houses and condominiums are planned for active adults 55 and over, with a 15,000 sq. ft. recreation center. The \$3.4 million recreation center is currently under construction.

The Charter Township, similar to other municipalities, is wrestling with major increases in health care for its employees. An effort is being made to reduce the number of healthcare carriers and adjust the prescription co-pay to better position the Charter Township as these benefit areas increase in cost. The Charter Township continues to increase the balance of funds set aside for retirees' health care in the Employee Benefits Fund. The Charter Township's intent is to have a self-supporting fund for retirees' healthcare costs.

As stated earlier, the Charter Township paid off three water line construction bonds in 2004. This reduced the bond debt millage rate by approximately .41 mills. The Charter Township board increased its general operating millage .40 mills for the winter 2004 tax collection and dedicated this additional revenue to the Township Campus Plan. Combining this millage with the dedicated .30 mills increase in 2002 will produce approximately \$900,000+ annually. This would give the Charter Township a solid base to borrow monies for the construction of a new police station, Charter Township hall, DPW facility, and an upgraded fire station. The Charter Township is addressing its facility needs, yet not increasing the total Charter Township millage to its residents. The Charter Township board believes this is a very prudent means of addressing the shrinking office space and an outdated building.

Charter Township of Grand Blanc

Management's Discussion and Analysis (Continued)

In light of the decline in residential building permits, healthcare issues, demand for additional office space, and difficult economic conditions for the State of Michigan, this report indicates that the Charter Township continues to expand its already strong financial base with another positive year. The Charter Township increased the General Fund balance by \$111,000, increased governmental and business-type activities net assets of 3.7 percent and 4.7 percent, respectively, and slightly decreased the total Charter Township property tax millage rate.

Contacting the Charter Township's Financial Management

This financial report is designed to provide our residents, taxpayers, customers, investors, and creditors with a general overview of the Charter Township's finances and to show the Charter Township's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the finance director at the Charter Township of Grand Blanc, P.O. Box 1833, 5371 S. Saginaw St., Grand Blanc, MI 48439, or visit our website at www.twp.grand-blanc.mi.us.

Charter Township of Grand Blanc

Statement of Net Assets December 31, 2007

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
Assets			
Cash and cash equivalents (Note 3)	\$ 4,702,347	\$ 6,368,514	\$ 11,070,861
Investments (Note 3)	6,599,148	589,435	7,188,583
Receivables - Net:			
Property taxes	5,306,058	-	5,306,058
Customers	519,355	2,411,257	2,930,612
Receivables billed on tax roll	-	795,082	795,082
Tap-in assessment receivables	-	1,264,480	1,264,480
Other	30,134	-	30,134
Due from other governmental units	560,187	-	560,187
Internal balances	31,262	(31,262)	-
Investments in joint ventures:			
Fire commission (Note 12)	1,368,231	-	1,368,231
Parks and recreation (Note 12)	515,385	-	515,385
Capital assets - Net (Note 4):			
Nondepreciable capital assets	2,839,333	1,289,370	4,128,703
Depreciable capital assets - Net	14,422,112	79,050,446	93,472,558
Total assets	36,893,552	91,737,322	128,630,874
Liabilities			
Accounts payable	864,091	1,179,048	2,043,139
Accrued and other liabilities	897,212	806,152	1,703,364
Due to other governmental units	10,353	-	10,353
Unearned revenue (Note 16)	9,954,975	-	9,954,975
Noncurrent liabilities (Note 6):			
Due within one year	643,579	64,749	708,328
Due in more than one year	11,066,633	-	11,066,633
Total liabilities	23,436,843	2,049,949	25,486,792
Net Assets			
Invested in capital assets - Net of related debt	6,718,990	80,339,816	87,058,806
Restricted:			
Mosquito spraying	6,047	-	6,047
Solid waste	498,710	-	498,710
Drug forfeiture	23,185	-	23,185
Law enforcement	10,335	-	10,335
PEG Channel Grant	3,088	-	3,088
Unexpendable cemetery funds	127,580	-	127,580
Expendable cemetery funds	135,822	-	135,822
Unrestricted	5,932,952	9,347,557	15,280,509
Total net assets	\$ 13,456,709	\$ 89,687,373	\$ 103,144,082

Charter Township of Grand Blanc

		Program Revenues		
		Charges for	Operating	Capital Grants
	Expenses	Services	Grants and Contributions	and Contributions
Functions/Programs				
Primary government:				
Governmental activities:				
General government	\$ 2,715,114	\$ 74,001	\$ 1,713	\$ -
Public safety	7,974,790	1,199,517	186,717	-
Public works	2,007,753	1,134,598	170,113	-
Community and economic development	432,944	33,135	-	-
Recreation and culture	345,344	118,096	-	-
Interest expense	484,127	-	-	-
Total governmental activities	13,960,072	2,559,347	358,543	-
Business-type activities - Water and sewer	10,319,834	9,143,873	456,052	4,271,568
Total primary government	\$ 24,279,906	\$ 11,703,220	\$ 814,595	\$ 4,271,568
General revenues:				
Property taxes				
Intergovernmental unrestricted (state-shared revenues)				
Unrestricted investment earnings				
Other				
Total general revenues				
Change in Net Assets				
Net Assets - Beginning of year				
Net Assets - End of year				

Statement of Activities
Year Ended December 31, 2007

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (2,639,400)	\$ -	\$ (2,639,400)
(6,588,556)	-	(6,588,556)
(703,042)	-	(703,042)
(399,809)	-	(399,809)
(227,248)	-	(227,248)
(484,127)	-	(484,127)
(11,042,182)	-	(11,042,182)
-	3,551,659	3,551,659
(11,042,182)	3,551,659	(7,490,523)
8,120,917	-	8,120,917
2,288,035	-	2,288,035
1,016,079	463,256	1,479,335
91,748	-	91,748
11,516,779	463,256	11,980,035
474,597	4,014,915	4,489,512
12,982,112	85,672,458	98,654,570
<u>\$ 13,456,709</u>	<u>\$ 89,687,373</u>	<u>\$ 103,144,082</u>

Charter Township of Grand Blanc

Governmental Funds Balance Sheet December 31, 2007

	General Fund	Major Special Revenue Fund	Major Capital Projects Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents (Note 3)	\$ 3,484,856	\$ 1,135,984	\$ 40,311	\$ 41,196	\$ 4,702,347
Investments (Note 3)	6,086,017	-	289,805	223,326	6,599,148
Receivables:					
Taxes	5,306,058	-	-	-	5,306,058
Customers	-	519,355	-	-	519,355
Other	30,134	-	-	-	30,134
Due from other governmental units	560,187	-	-	-	560,187
Due from other funds (Note 5)	32,382	-	-	3,848,360	3,880,742
Total assets	\$ 15,499,634	\$ 1,655,339	\$ 330,116	\$ 4,112,882	\$ 21,597,971
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 414,239	\$ -	\$ 72,571	\$ 377,281	\$ 864,091
Accrued and other liabilities	728,318	-	-	-	728,318
Due to other funds (Note 5)	3,898,360	-	-	1,120	3,899,480
Due to other governmental units	10,353	-	-	-	10,353
Deferred revenue (Note 16)	8,833,332	1,156,629	-	-	9,989,961
Total liabilities	13,884,602	1,156,629	72,571	378,401	15,492,203
Fund Balances					
Reserved for:					
Mosquito spraying	6,047	-	-	-	6,047
Solid waste activities	-	498,710	-	-	498,710
Cable TV activities	-	-	-	3,088	3,088
Law enforcement	-	-	-	33,520	33,520
Cemetery unexpendable	-	-	-	127,580	127,580
Unreserved, reported in:					
General Fund	1,608,985	-	-	-	1,608,985
Civic Campus Fund	-	-	257,545	-	257,545
Special Revenue Funds	-	-	-	6,964	6,964
Capital Projects Funds - Designated (Note 7)	-	-	-	3,427,507	3,427,507
Permanent Funds	-	-	-	135,822	135,822
Total fund balances	1,615,032	498,710	257,545	3,734,481	6,105,768
Total liabilities and fund balances	\$ 15,499,634	\$ 1,655,339	\$ 330,116	\$ 4,112,882	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds	17,261,445
Investment in joint ventures is not included as an asset in the governmental funds	1,883,616
Certain receivables are expected to be collected in future years and are not available to pay for current year expenditures	34,986
Interest on long-term debt is not reported in the funds	(118,894)
Long-term liabilities are not due and payable in the current period and are not reported in the funds	(11,251,530)
Compensated absences are not due and payable in the current period and are not reported in the funds	(458,682)
Net assets of governmental activities	\$ 13,456,709

Charter Township of Grand Blanc

Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended December 31, 2007

	General Fund	Major Special Revenue Fund	Major Capital Projects Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
		Solid Waste Fund	Civic Campus Fund		
Revenue					
Property taxes (Note 8)	\$ 8,120,917	\$ -	\$ -	\$ -	\$ 8,120,917
Licenses and permits	1,187,765	-	-	-	1,187,765
Federal sources	100,193	-	-	-	100,193
State sources	2,371,390	-	-	-	2,371,390
Charges for services	-	1,129,260	-	-	1,129,260
Fines, forfeitures, and seizures	94,407	-	-	19,792	114,199
Investment income	563,201	38,718	388,195	29,989	1,020,103
Other	280,589	-	-	22,273	302,862
Total revenue	12,718,462	1,167,978	388,195	72,054	14,346,689
Expenditures					
General government	2,845,683	-	-	9,421	2,855,104
Public safety	7,279,111	-	-	14,543	7,293,654
Public services	1,317,171	1,136,551	-	-	2,453,722
Capital outlay	-	-	9,146,167	660,827	9,806,994
Interest expense and other	229,594	-	-	554,837	784,431
Total expenditures	11,671,559	1,136,551	9,146,167	1,239,628	23,193,905
Excess of Revenue Over (Under) Expenditures	1,046,903	31,427	(8,757,972)	(1,167,574)	(8,847,216)
Other Financing Sources (Uses)					
Proceeds from issuance of debt	321,623	-	-	-	321,623
Transfer in from General Fund	-	-	-	1,257,353	1,257,353
Transfer out to Capital Projects Fund	(295,000)	-	-	-	(295,000)
Transfer out to Master Campus Fund	(962,353)	-	-	-	(962,353)
Total other financing sources (uses)	(935,730)	-	-	1,257,353	321,623
Net Change in Fund Balances	111,173	31,427	(8,757,972)	89,779	(8,525,593)
Fund Balances - Beginning of year	1,503,859	467,283	9,015,517	3,644,702	14,631,361
Fund Balances - End of year	\$ 1,615,032	\$ 498,710	\$ 257,545	\$ 3,734,481	\$ 6,105,768

Charter Township of Grand Blanc

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended December 31, 2007

Net Change in Fund Balances - Total Governmental Funds \$ (8,525,593)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation 9,820,237

Depreciation and gain/loss on the sale of fixed assets is recorded as income/expense in the statement of activities but not in the governmental funds (656,517)

Repayment of bond principal and payments on installment purchase agreements are expenditures in the governmental funds, but not in the statement of activities (where it reduces long-term debt) 145,909

Accrued interest expense is recorded as an expense in the statement of activities but not in the governmental funds 79,263

Proceeds from long-term debt are recognized as revenue in the governmental funds, but not in the statement of activities (321,628)

Increase in accumulated employee sick, vacation, and personal pay is recorded when earned in the statement of activities (167,069)

Investment in joint ventures is not included in the funds 99,995

Change in Net Assets of Governmental Activities \$ 474,597

Charter Township of Grand Blanc

Proprietary Fund Statement of Net Assets December 31, 2007

Enterprise Fund -
Department of
Public Works

Assets

Current assets:

Cash and cash equivalents (Note 3)	\$ 6,368,514
Investments (Note 3)	589,435

Receivables:

Customer usage billings	2,411,257
Receivables billed on tax roll	795,082

Total current assets	10,164,288
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Noncurrent assets:

Tap-in assessments receivable - Net of current portion	1,264,480
Nondepreciable capital assets (Note 4)	1,289,370
Depreciable capital assets - Net (Note 4)	79,050,446

Total noncurrent assets	81,604,296
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Total assets	91,768,584
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Liabilities - Current

Accounts payable	1,179,048
Accrued and other liabilities	870,901
Due to other funds (Note 5)	31,262

Total liabilities	2,081,211
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Net Assets

Invested in capital assets	80,339,816
Unrestricted	9,347,557

Total net assets	\$ 89,687,373
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Charter Township of Grand Blanc

Proprietary Fund Statement of Revenue, Expenses, and Changes in Net Assets Year Ended December 31, 2007

	Enterprise Fund - Department of Public Works Year Ended December 31	
	2007	2006
Operating Revenue		
Sewage disposal	\$ 4,592,911	\$ 4,088,433
Water sales	4,182,899	3,316,345
Water meters	84,419	105,943
Penalties and other charges for services	406,600	249,531
State grants	456,052	-
Total operating revenue	9,722,881	7,760,252
Operating Expenses		
Cost of sewage disposal	3,764,758	3,527,250
Cost of water	3,491,168	2,913,389
Depreciation (Note 4)	1,605,608	1,511,155
General and administrative	1,458,300	938,473
Total operating expenses	10,319,834	8,890,267
Operating Loss	(596,953)	(1,130,015)
Nonoperating Revenue (Expenses)		
Interest income	463,256	494,134
(Loss) gain on disposal of assets	(122,956)	3,465
Total nonoperating revenue	340,300	497,599
Net Loss - Before capital contributions	(256,653)	(632,416)
Capital Contributions		
Donated from developers	2,265,433	1,296,569
Contributions from special assessment districts	25,889	36,875
Tap-in and line inspection fees	1,980,246	2,506,456
Total capital contributions	4,271,568	3,839,900
Net Change in Net Assets	4,014,915	3,207,484
Net Assets - Beginning of year	85,672,458	82,464,974
Net Assets - End of year	<u><u>\$ 89,687,373</u></u>	<u><u>\$ 85,672,458</u></u>

Charter Township of Grand Blanc

Proprietary Fund Statement of Cash Flows Year Ended December 31, 2007

	Enterprise Fund - Department of Public Works
Cash Flows from Operating Activities	
Receipts from customers	\$ 7,961,247
Payments to suppliers	(6,542,351)
Payments to employees	(1,655,988)
Internal activity - Receipts from other funds	(160,637)
Other receipts	<u>862,652</u>
Net cash provided by operating activities	464,923
Cash Flows from Capital and Related Financing Activities	
Collection of customer assessments (principal and interest)	2,457,800
Purchase of capital assets	<u>(2,357,610)</u>
Net cash used in capital and related financing activities	100,190
Cash Flows from Investing Activities	
Interest received on investments	463,256
Purchases of investment securities	<u>526,363</u>
Net cash provided by investing activities	<u>989,619</u>
Net Increase in Cash and Cash Equivalents	1,554,732
Cash and Cash Equivalents - Beginning of year	<u>4,813,782</u>
Cash and Cash Equivalents - End of year	<u>\$ 6,368,514</u>
Reconciliation of Operating Loss to Net Cash from Operating Activities	
Operating loss	\$ (596,953)
Adjustments to reconcile operating loss to net cash from operating activities:	
Depreciation and amortization	1,605,608
Changes in assets and liabilities:	
Receivables	(1,005,244)
Accounts payable	209,945
Accrued and other liabilities	124,680
Due to/from other funds	<u>126,887</u>
Net cash provided by operating activities	<u>\$ 464,923</u>

Noncash Investing, Capital, and Financing Activities - During the year ended December 31, 2007, the Department of Public Works Fund received \$2,265,433 of lines donated by developers.

Charter Township of Grand Blanc

Fiduciary Funds Statement of Net Assets December 31, 2007

	Pension and Other Employee Benefits Trust Funds	Agency Fund
Assets		
Cash and cash equivalents (Note 3)	\$ 5,586	\$ 6,977,164
Investments (Note 3):		
Mutual funds	4,256,187	-
Limited partnerships	13,878	-
Corporate bonds	244,365	-
Government securities	1,728,794	-
Other receivables	122,197	-
Due from General Fund (Note 5)	50,000	-
	<hr/>	<hr/>
Total assets	6,421,007	<u><u>\$ 6,977,164</u></u>
Liabilities - Undistributed tax collections	<hr/> -	<u><u>\$ 6,977,164</u></u>
Net Assets - Held in trust for pension and other employee benefits	<u><u>\$ 6,421,007</u></u>	

Charter Township of Grand Blanc

Fiduciary Funds Statement of Changes in Net Assets Pension and Other Employee Benefits Trust Funds Year Ended December 31, 2007

Additions

Investment income:	
Interest and dividends	\$ 137,191
Net increase in fair value of investments	<u>209,643</u>
Net investment income	346,834
Contributions - Employer	<u>453,577</u>
Total additions	800,411

Deductions

Benefit payments	2,462
Administrative expenses	<u>12,717</u>
Total deductions	<u>15,179</u>

Net Increase 785,232

Net Assets Held in Trust for Pension and Other Employee Benefits

Beginning of year	<u>5,635,775</u>
End of year	<u><u>\$ 6,421,007</u></u>

Charter Township of Grand Blanc

Notes to Financial Statements December 31, 2007

Note I - Summary of Significant Accounting Policies

The accounting policies of the Charter Township of Grand Blanc (the "Charter Township") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Charter Township:

Reporting Entity

The Charter Township is governed by an elected seven-member board of trustees. The accompanying financial statements present the Charter Township of Grand Blanc. There are no component units to be included in these financial statements.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements.

Charter Township of Grand Blanc

Notes to Financial Statements December 31, 2007

Note 1 - Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary funds. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Charter Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The following major revenue sources meet the availability criterion: state-shared revenue, district court fines, and interest associated with the current fiscal period. Conversely, special assessments and federal grant reimbursements will be collected after the period of availability; receivables have been recorded for these, along with a "deferred revenue" liability. All other revenue items are considered to be available only when cash is received by the Charter Township.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

The Charter Township reports the following major governmental funds:

General Fund - The General Fund is the Charter Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Solid Waste Fund - The Solid Waste Fund accounts for the operations of a residential and commercial rubbish collection disposal system, primarily transportation to a privately owned and operated landfill. Funding is provided primarily through a property tax levy.

Civic Campus Fund - The Civic Campus Fund accounts for the construction costs of the Charter Township's new campus facilities. Funding is primarily through the issuance of a general obligation bond.

Charter Township of Grand Blanc

Notes to Financial Statements December 31, 2007

Note 1 - Summary of Significant Accounting Policies (Continued)

The Charter Township reports the following major proprietary fund:

Department of Public Works Fund - The Department of Public Works Fund is used to account for the results of operations that provide water and sewer services to residents and businesses, financed primarily by a user charge for the provision of those services.

Additionally, the Charter Township reports the following fund types:

Pension and Other Employee Benefits Trust Fund - The Pension and Other Employee Benefits Trust Fund accounts for the activities of employee benefit plans which accumulates resources for pension and other postemployment benefit payments to qualified employees.

Agency Fund - The Agency Fund accounts for tax collections and disbursements of the Charter Township in a trustee capacity. Agency Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

Private sector standards of accounting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The Charter Township has elected not to follow private sector standards issued after November 30, 1989 for its business-type activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Charter Township's water and sewer function and various other functions of the Charter Township. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Charter Township's proprietary fund relates to charges to customers for sales and services. The Department of Public Works Fund also recognizes the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Charter Township of Grand Blanc

Notes to Financial Statements December 31, 2007

Note 1 - Summary of Significant Accounting Policies (Continued)

Property Tax Revenue

Property taxes are levied on each December 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed. See Note 8 for more information on property tax revenue.

Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

Capital Assets - Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Charter Township as assets with an initial individual cost of more than \$2,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. In the case of infrastructure and assets purchased or constructed prior to December 31, 2003, estimated historical cost was used where actual cost information was not available. Donated capital assets are recorded at estimated fair market value at the date of donation.

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	10 to 50 years
Vehicles	3 to 10 years
Furniture and equipment	3 to 20 years
Water and sewer distribution systems	45 to 99 years

Charter Township of Grand Blanc

Notes to Financial Statements December 31, 2007

Note 1 - Summary of Significant Accounting Policies (Continued)

Compensated Absences (Vacation, Sick, and Personal Leave) - It is the Charter Township's policy to permit employees to accumulate earned but unused sick, vacation, and personal pay benefits. All sick, vacation, and personal pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end.

Long-term Obligations - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Comparative Data/Reclassifications - Comparative total data for the prior year has been presented only for individual Enterprise Funds and certain governmental funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds.

Charter Township of Grand Blanc

Notes to Financial Statements December 31, 2007

Note 2 - Stewardship, Compliance, and Accountability

Construction Code Fees - The Charter Township oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The Charter Township charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and the cumulative shortfall generated since January 1, 2000 is as follows:

Cumulative shortfall - January 1, 2007	\$	(837,705)
Building permit revenue		719,011
Related expenses:		
Direct costs	\$	935,265
Estimated indirect costs		<u>140,290</u>
Total construction code expenses		<u>1,075,555</u>
Cumulative shortfall - December 31, 2007	\$	<u>(1,194,249)</u>

Note 3 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Pension Trust Fund and Employee Benefits Fund are also authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate (if the trust fund's assets exceed \$250 million), debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

Charter Township of Grand Blanc

Notes to Financial Statements December 31, 2007

Note 3 - Deposits and Investments (Continued)

The Charter Township has designated eight banks for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of state statutory authority as listed above. The Charter Township's deposits and investment policies are in accordance with statutory authority.

The Charter Township's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Charter Township's deposits may not be returned to it. The Charter Township does not have a deposit policy for custodial credit risk. At year end, the Charter Township had \$20,738,057 of bank deposits (certificates of deposit, checking, and savings accounts). Of that amount, approximately \$817,000 was covered by federal depository insurance and the remainder was uninsured and uncollateralized. The Charter Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Charter Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories. To the extent that cash from various funds has been pooled, related investment income is allocated to each fund based on relative participation in the pool, except that Agency Fund investment earnings are allocated to the General Fund as provided by Michigan law.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township does have a policy for custodial credit risk. At year end, the Township had no investment securities which were uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Township's name.

Charter Township of Grand Blanc

Notes to Financial Statements December 31, 2007

Note 3 - Deposits and Investments (Continued)

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Charter Township's investment policy does not restrict investment maturities, other than commercial paper which can be purchased with a 270-day maturity. The Charter Township prohibits investment of operating funds in securities maturing more than two years from the date of purchase. Reserve and capital improvements may be invested in securities exceeding two years but less than five years. At year end, the average maturities of investments are as follows:

Investment	Fair Value	Weighted Average Maturity
U.S. government agency securities	\$ 1,728,794	14 months
Mutual funds (pension)	64,997	5.2 years
Corporate bonds (pension)	244,365	6.5 years

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Charter Township has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities are as follows:

Investment	Fair Value	Rating	Rating Organization
U.S. government agency securities	\$ 1,728,794	Aaa	Moody's
Mutual funds (pension)	38,913	3 stars	Morningstar
Mutual funds (pension)	26,084	5 stars	Morningstar
Corporate bonds (pension)	244,365	Aaa	Moody's
MBIA pooled accounts	272,967	Aaa	Fitch

Concentration of Credit Risk

The Charter Township places no limit on the amount the Charter Township may invest in any one issuer. The pension fund investments in General Motors Acceptance Corporation Smartnotes are 5.4 percent of total plan assets and 2.1 percent of total Charter Township investments.

Charter Township of Grand Blanc

Notes to Financial Statements December 31, 2007

Note 4 - Capital Assets

Capital asset activity of the Charter Township's governmental and business-type activities was as follows:

	Balance January 1, 2007	Reclassifi- cations	Additions	Disposals and Adjustments	Balance December 31, 2007
Governmental Activities					
Capital assets not being depreciated:					
Land and land improvements	\$ 1,856,792	\$ 512,461	\$ 188,937	\$ -	\$ 2,558,190
Construction in progress	1,942,556	(1,815,816)	154,403	-	281,143
Subtotal	3,799,348	(1,303,355)	343,340	-	2,839,333
Capital assets being depreciated:					
Buildings and improvements	4,929,758	1,303,355	9,353,272	-	15,586,385
Vehicles	1,166,340	-	32,300	103,925	1,094,715
Furniture and equipment	2,358,867	-	91,325	-	2,450,192
Subtotal	8,454,965	1,303,355	9,476,897	103,925	19,131,292
Accumulated depreciation:					
Buildings and improvements	1,605,633	-	189,156	-	1,794,789
Vehicles	689,580	-	193,076	63,640	819,016
Furniture and equipment	1,861,375	-	234,000	-	2,095,375
Subtotal	4,156,588	-	616,232	63,640	4,709,180
Net capital assets being depreciated	4,298,377	1,303,355	8,860,665	40,285	14,422,112
Net governmental capital assets	\$ 8,097,725	\$ -	\$ 9,204,005	\$ 40,285	\$ 17,261,445

Charter Township of Grand Blanc

Notes to Financial Statements December 31, 2007

Note 4 - Capital Assets (Continued)

	Balance January 1, 2007	Reclassifi- cations	Additions	Disposals and Adjustments	Balance December 31, 2007
Business-type Activities					
Capital assets not being depreciated:					
Land	\$ 238,131	\$ -	\$ -	\$ -	\$ 238,131
Construction in progress	3,622,541	(3,143,600)	572,298	-	1,051,239
Subtotal	3,860,672	(3,143,600)	572,298	-	1,289,370
Capital assets being depreciated:					
Water and sewer distribution systems	84,864,004	1,953,144	3,490,084	-	90,307,232
Buildings and improvements	516,453	1,190,456	164,591	-	1,871,500
Vehicles	1,592,879	-	149,048	258,167	1,483,760
Furniture and equipment	3,529,020	-	249,147	12,850	3,765,317
Subtotal	90,502,356	3,143,600	4,052,870	271,017	97,427,809
Accumulated depreciation:					
Water and sewer distribution systems	14,536,148	-	1,309,194	-	15,845,342
Buildings and improvements	147,483	-	45,444	-	192,927
Vehicles	826,186	-	175,856	138,797	863,245
Furniture and equipment	1,407,874	-	75,114	7,139	1,475,849
Subtotal	16,917,691	-	1,605,608	145,936	18,377,363
Net capital assets being depreciated	73,584,665	3,143,600	2,447,262	125,081	79,050,446
Net business-type capital assets	\$ 77,445,337	\$ -	\$ 3,019,560	\$ 125,081	\$ 80,339,816

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:	
General government	\$ 166,132
Public safety	343,040
Economic development	30,457
Recreation and culture	76,603
Total governmental activities	<u>\$ 616,232</u>
Business-type activities - Water and sewer	<u>\$ 1,605,608</u>

Charter Township of Grand Blanc

Notes to Financial Statements December 31, 2007

Note 4 - Capital Assets (Continued)

Construction Commitments - At year end, the Charter Township's commitments with contractors are as follows:

	Spent to Date	Remaining Commitment
Police station and campus infrastructure	\$ 9,579,292	\$ 885,708
Bicentennial Park trail enhancement	10,915	393,061
Emergency back-up wells	296,660	620,726
Sanitary Sewer Phase IV	560,108	520,092
Water tower	1,656,520	110,592
Other commitments	<u>1,011,563</u>	<u>82,279</u>
Total	<u>\$ 13,115,058</u>	<u>\$ 2,612,458</u>

Note 5 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Fund Due To	Fund Due From	Amount
General Fund	Perry Cemetery Fund	\$ 1,120
General Fund	Department of Public Works	31,262
Nonmajor governmental fund - Capital Projects Fund	General Fund	1,888,247
Nonmajor governmental fund - Master Campus Fund	General Fund	1,916,491
Other nonmajor governmental funds	General Fund	<u>43,622</u>
Total nonmajor governmental funds		3,848,360
Employee Benefits Trust Fund	General Fund	<u>50,000</u>
Total		<u>\$ 3,930,742</u>

Charter Township of Grand Blanc

Notes to Financial Statements December 31, 2007

Note 5 - Interfund Receivables, Payables, and Transfers (Continued)

The balance owed from the General Fund to the Capital Projects Fund and the Master Campus Fund represents the cumulative amount transferred from the General Fund to the Capital Projects Fund and the Master Campus Fund over that fund's lifetime. The General Fund continues to hold the cash and investments so that it may continue to earn interest on these funds. The other balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Interfund transfers reported in the fund financial statements are comprised of the following:

Fund Providing Resources	Fund Receiving Resources	Amount
General Fund	Master Campus Project Fund	\$ 962,353
	Capital Projects Fund	<u>295,000</u>
Total		<u>\$ 1,257,353</u>

The transfers from the General Fund to the Master Campus Projects Fund and Capital Projects Fund represent transfers of unrestricted resources to finance capital projects.

Note 6 - Long-term Debt

The Charter Township issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Charter Township. County contractual agreements and installment purchase agreements are also general obligations of the government.

The special assessment obligations represent the financing of road improvements done by the Genesee County Road Commission that benefit certain districts within the Charter Township; these districts are assessed, at least in part, for the cost of the improvements. The remaining cost is split between the Road Commission and the Charter Township. The Charter Township funds its portion of the cost annually from General Fund revenues. No additional funds have been set aside for the future payment of this debt. Other long-term obligations include compensated absences. The General Fund and the Enterprise Fund pay obligations related to compensated absences.

Charter Township of Grand Blanc

Notes to Financial Statements December 31, 2007

Note 6 - Long-term Debt (Continued)

Long-term obligation activity can be summarized as follows:

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities							
General obligation limited tax bonds:							
2006 Capital Improvement Bonds							
Amount of issue: \$10,800,000	4.125% -	\$100,000 -	\$ 10,800,000	\$ -	\$ -	\$ 10,800,000	\$ 100,000
Maturing through 2031	5.00%	\$700,000					
Other governmental obligations:							
Special assessment at-large road districts of the							
Genesee County Road Commission							
Amount of issue: \$698,965	3.803% -	\$32,163 -	185,811	321,628	(130,909)	376,530	69,897
Maturing through 2017	4.99%	\$69,897					
Installment purchase agreements - Contract issued							
in 2001 for the Charter Township's portion of a fire							
truck purchase for the Grand Blanc Fire Commission							
Amount of issue: \$150,000	4.99%	\$15,000 -	90,000	-	(15,000)	75,000	15,000
Maturing through 2011		\$20,000					
Other long-term obligations - Compensated absences			291,613	906,124	(739,055)	458,682	458,682
Total governmental activities			11,367,424	1,227,752	(884,964)	11,710,212	643,579
Business-type Activities - Other long-term obligations -							
Compensated absences			71,540	125,122	(131,913)	64,749	64,749
Total governmental and business-							
type activities			\$ 11,438,964	\$ 1,352,874	\$ (1,016,877)	\$ 11,774,961	\$ 708,328

Annual debt service requirements to maturity for the above governmental bond and note obligations are as follows:

	Governmental Activities		
	Principal	Interest	Total
2008	\$ 184,897	\$ 494,682	\$ 679,579
2009	189,897	486,146	676,043
2010	263,760	475,610	739,370
2011	252,164	464,347	716,511
2012	232,162	454,032	686,194
2013-2017	1,528,650	2,090,040	3,618,690
2018-2022	2,500,000	1,633,725	4,133,725
2023-2027	3,300,000	1,005,237	4,305,237
2028-2032	2,800,000	252,000	3,052,000
Total	\$ 11,251,530	\$ 7,355,819	\$ 18,607,349

Charter Township of Grand Blanc

Notes to Financial Statements December 31, 2007

Note 7 - Reserved and Designated Fund Balances

Fund balances have been designated as follows:

Capital Projects Fund - Designated for

Technology	\$ 52,497
Pathway/Trailway Plan	477,183
Vehicle replacement	148,896
Road improvements	553,076
Fire Commission Capital	50,000
Future land obligations	402,000
McGrath Park	19,525
Bicentennial Park	96,990
Township Renovations	88,000

Total Capital Projects Fund 1,888,167

Master Campus Project - Designated 1,539,340

Total fund balance designated for capital projects \$ 3,427,507

Note 8 - Property Tax Revenue

The Charter Township's governmental funds recognize the December 1, 2006 property tax levy as revenue for the year ended December 31, 2007. The following is a breakdown of tax levies:

Source of Taxes	Fund Receiving Taxes	Approximate Revenue
Governmental funds:		
Operating millage - Charter limit of 5.0 mills:		
3.6806 mills - Operating	General Fund	\$ 5,060,000
.70 mills - For Master Campus Project	General Fund	962,000
Police millage - .9128 mills - Voted millage for public service	General Fund	1,255,000
Mosquito millage - .1296 mills - Charter limit of 5.0 mills	General Fund	178,000
Act 198/255 taxes and administration fees	General Fund	628,000

Charter Township of Grand Blanc

Notes to Financial Statements December 31, 2007

Note 8 - Property Tax Revenue (Continued)

A mill equals one dollar of tax per thousand dollars of property valuation (taxable valuation). The Charter Township's total taxable valuation for 2006 was approximately \$1,374,740,000.

The police millage raised less revenue than expenditures. To date, the mosquito millage has raised \$6,047 more revenue than expenditures. As a result, \$6,047 of fund balance was reserved in the General Fund as of December 31, 2007.

The Township annually sells its delinquent real property taxes to the County, which then becomes responsible for collecting the taxes and taking any uncollected tax parcels through the tax reversion process. The County purchases these taxes at 100 percent of face value, and in return the County is allowed to retain all interest and penalties it collects. The estimated present value of the future delinquent collections to the Township is less than the face value that has been received, because of the time value of money; however, the net present value to the County is greater than this amount, because of the statutory provision that allows the County to retain all penalties and interest. During the current year, the Township received \$972,379 from this sale. At the end of the tax reversion process (approximately three years), the County charges the Township back for any uncollected taxes. Historically, this amount has not been significant.

Note 9 - Risk Management

The Charter Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Charter Township has purchased commercial insurance for workers' compensation and medical benefits and participates in the Michigan Townships Participating Plan (the "Plan") risk pool for claims relating to general liability. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Townships Participating Plan operates as an insurance purchasing pool for local units of government in Michigan. The Plan purchases commercial insurance on behalf of its members at a lower cost than would be available on an individual basis.

Charter Township of Grand Blanc

Notes to Financial Statements December 31, 2007

Note 10 - Defined Benefit Pension Plan

Plan Description - The Charter Township participates in the Municipal Employees' Retirement System of Michigan (the "System"), an agent multiple-employer defined benefit pension plan that covers all police sergeants, officers, and administration. The System provides retirement, disability, and death benefits to plan members and their beneficiaries. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the System at 1134 Municipal Way, Lansing, MI 48917.

Funding Policy - The obligation to contribute to and maintain the System for these employees was established by negotiation with the Police Officers Labor Council Patrol Officers Union, Police Officers Labor Council Sergeants Unit, and Fraternal Order of Police Executive Command. The agreement requires a contribution from the employer of any actuarially required contributions in excess of 15 percent prior to 1997 and 14 percent after January 1, 1997. Currently, this results in an employee contribution ranging from 3.82 percent to 11.99 percent of gross wages.

Annual Pension Costs - For the year ended December 31, 2007, the Charter Township's annual pension cost of \$534,688 for the plan was equal to the required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2005, using the entry age normal cost method.

Significant actuarial assumptions used include (a) an 8 percent investment rate of return, (b) projected salary increases of 4.5 percent to 12.90 percent per year, and (c) 2.5 percent per year cost of living adjustments. Both (a) and (b) include an inflation component of 4.5 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a five-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period is 30 years depending on division.

Charter Township of Grand Blanc

Notes to Financial Statements December 31, 2007

Note 10 - Defined Benefit Pension Plan (Continued)

Three-year trend information is as follows:

	Fiscal Year Ended December 31		
	2005	2006	2007
Annual pension costs (APC)	\$ 628,210	\$ 527,617	\$ 534,688
Percentage of APC contributed	100%	100%	100%
Net pension obligation	None	None	None
	Actuarial Valuation as of December 31		
	2003	2004	2005
Actuarial value of assets	\$ 2,702,602	\$ 3,176,897	\$ 4,585,311
Actuarial accrued liability (AAL)			
(entry age normal)	\$ 5,860,743	\$ 6,522,730	\$ 10,247,307
Unfunded AAL (UAAL)	\$ 3,158,141	\$ 3,345,833	\$ 5,661,996
Funded ratio	46.1%	48.7%	44.7%
Covered payroll	\$ 2,116,256	\$ 2,172,004	\$ 2,762,316
UAAL as a percentage of covered payroll	149%	154%	205%

Note 11 - Defined Contribution Pension Plan

The Charter Township provides pension benefits to all of its full-time employees (except police personnel, who are covered by a defined benefit plan effective January 1, 1993) through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment (or other date). As established by the Charter Township board of trustees, the Charter Township contributes 15 percent of employees' gross earnings and employees are not permitted to make contributions other than participant rollover contributions. In accordance with these requirements, the Charter Township contributed \$328,577 during the current year, and there was no employee contribution.

Charter Township of Grand Blanc

Notes to Financial Statements December 31, 2007

Note 12 - Joint Ventures

The Charter Township is a member of the Grand Blanc District Library Commission, which provides library services to the residents of the Charter Township and the City of Grand Blanc. The participating communities provide annual funding for its operations. During the current year, the Charter Township contributed \$55,200 for its operations. The Charter Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. Complete financial statements for the Grand Blanc District Library Commission can be obtained from the administrative offices at 4195 West Pasadena, Flint, MI 48504.

The Charter Township is a member of the Grand Blanc Parks and Recreation Commission, which provides recreational services to the residents of the Charter Township and the City of Grand Blanc. The participating communities provide annual funding for its operations. During the current year, the Charter Township contributed \$230,717 for its operations. The Charter Township's equity interest of \$515,385 is recorded within the governmental activities column of the statement of net assets. The Charter Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. Complete financial statements for the Grand Blanc Parks and Recreation Commission can be obtained from the administrative offices at 131 East Grand Blanc Road, Grand Blanc, MI 48439.

The Charter Township is a member of the Grand Blanc Fire Commission, which provides fire protection services to the residents of the Charter Township and the City of Grand Blanc. The participating communities provide annual funding for its operations. During the current year, the Charter Township contributed \$552,652 for its operations. The Charter Township's equity of \$1,368,231 is recorded within the governmental activities column of the statement of net assets. The Charter Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. Complete financial statements for the Grand Blanc Fire Commission can be obtained from the administrative offices at 117 High Street, Grand Blanc, MI 48439.

Note 13 - Contingent Liabilities

The Charter Township has been named as a defendant in multiple claims and lawsuits requesting damages of various amounts. The various proceedings have not yet progressed to the point where legal opinion can be reached as to the ultimate liability, if any, after consideration of available insurance, where applicable, that may result from the resolution of these matters. The Charter Township has not recorded an estimate of this liability at December 31, 2007.

Charter Township of Grand Blanc

Notes to Financial Statements December 31, 2007

Note 14 - Other Postemployment Benefits

The Charter Township provides healthcare benefits to employees with 20 years of service and who have attained the age of 55 (25 years of service for sworn police officers) upon retirement, and their spouses in accordance with labor contracts. Currently, 17 retirees are eligible. The Charter Township includes retirees and their dependents in its insured healthcare plan, with no contribution required by the participant. Expenditures for postemployment healthcare benefits are recognized as the insurance premiums become due; during the year, this amounted to approximately \$250,000.

This is a single employer defined benefit plan administered by the Charter Township. The benefits are provided under collective bargaining agreements. The plan does not issue a separate stand-alone financial statement.

The funding progress of the plan as of the most recent valuation date is as follows:

	Actuarial Valuation as of October 31, 2006
Actuarial value of assets	\$ 1,577,000
Actuarial accrued liability (AAL) (entry age normal)	\$ 12,537,422
Unfunded AAL (UAAL)	\$ 10,960,422
Funded ratio	13%
Covered payroll	\$ 4,907,432
UAAL as a percentage of covered payroll	223%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Charter Township of Grand Blanc

Notes to Financial Statements December 31, 2007

Note 14 - Other Postemployment Benefits (Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the October 31, 2006 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 7.5 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 5 percent annually. Both rates included a 5.0 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll over 30 years.

The Governmental Accounting Standards Board has recently released Statement Number 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" postemployment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree healthcare coverage over the working life of the employee, rather than at the time the healthcare premiums are paid. The new pronouncement is effective for the year ending December 31, 2008.

Charter Township of Grand Blanc

Notes to Financial Statements December 31, 2007

Note 15 - Pension and Other Postemployment Benefits

The following are condensed financial statements for the Township's defined contribution pension plan (see Note 11) and the postemployment healthcare plan (see Note 14). The plans do not issue separate financial statements.

	Pension Trust	Employee Benefits	Total
Statement of Net Assets			
Cash and investments	\$ 4,514,450	\$ 1,734,360	\$ 6,248,810
Other assets	47,197	125,000	172,197
Net assets	<u>\$ 4,561,647</u>	<u>\$ 1,859,360</u>	<u>\$ 6,421,007</u>
Statement of Changes in Net Assets			
Investment income	\$ 265,104	\$ 81,730	\$ 346,834
Contributions	328,577	125,000	453,577
Benefit payments	(2,462)	-	(2,462)
Other decreases	(12,717)	-	(12,717)
Change in net assets	<u>\$ 578,502</u>	<u>\$ 206,730</u>	<u>\$ 785,232</u>

Note 16 - Deferred Revenue

Governmental funds report deferred revenue in connection with revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	Governmental Funds			Governmental Activities
	Unavailable	Unearned	Total	Unearned
Property taxes levied for 2008 operations	\$ -	\$ 8,798,346	\$ 8,798,346	\$ 8,798,346
Solid waste charges billed for 2008 operations	-	1,156,629	1,156,629	1,156,629
Delinquent property taxes	34,986	-	34,986	-
Total	<u>\$ 34,986</u>	<u>\$ 9,954,975</u>	<u>\$ 9,989,961</u>	<u>\$ 9,954,975</u>

Required Supplemental Information

General Fund

The General Fund contains the records of the ordinary activities of the Charter Township that are not accounted for in another fund. General Fund activities are funded by revenues from state-shared revenues, general property taxes, and other sources. The schedules comparing revenues and expenditures - budgetary comparison schedule - compare the activity final amended budgets (the level on which expenditures may not legally exceed appropriations) to actual revenues and expenditures.

Charter Township of Grand Blanc

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended December 31, 2007

	Prior Year Actual	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenues					
Property taxes	\$ 7,525,780	\$ 8,063,689	\$ 8,063,689	\$ 8,120,917	\$ 57,228
Licenses and permits:					
Building permits	414,439	334,200	334,200	376,753	42,553
Inspection fees	315,204	496,680	496,680	338,830	(157,850)
Cable television franchise fee	385,757	370,000	370,000	413,371	43,371
Zoning fees	43,450	198,300	198,300	39,533	(158,767)
Other	25,120	42,630	42,630	19,278	(23,352)
Total licenses and permits	1,183,970	1,441,810	1,441,810	1,187,765	(254,045)
Federal sources - Police grants	60,235	30,000	30,000	100,193	70,193
State sources:					
Revenue sharing	2,568,081	2,337,050	2,337,050	2,288,035	(49,015)
Police grants	42,854	48,500	48,500	66,732	18,232
Liquor license fees	16,686	5,000	5,000	16,623	11,623
Total state sources	2,627,621	2,390,550	2,390,550	2,371,390	(19,160)
District Court fines	106,630	90,000	90,000	94,407	4,407
Interest	466,481	520,000	520,000	563,201	43,201
Other revenues:					
Special assessments	160,555	160,000	160,000	170,113	10,113
Other	32,939	40,150	40,150	42,223	2,073
Refunds and rebates:					
Police	70,879	10,000	10,000	51,127	41,127
School summer tax collection fees	30,479	50,000	50,000	17,126	(32,874)
Total other revenues	294,852	260,150	260,150	280,589	20,439
Total revenues	12,265,569	12,796,199	12,796,199	12,718,462	(77,737)

Charter Township of Grand Blanc

Required Supplemental Information (Continued) Budgetary Comparison Schedule - General Fund Year Ended December 31, 2007

	Prior Year Actual	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Expenditures					
General government:					
General office	\$ 596,000	\$ 648,355	\$ 640,453	\$ 568,697	\$ 71,756
Legislative	338,799	370,759	346,619	339,781	6,838
Supervisor's office	146,295	148,886	148,886	143,928	4,958
Clerk's office	275,159	315,611	320,269	303,381	16,888
Treasurer's office	264,613	294,230	284,230	276,346	7,884
Elections	45,800	19,825	38,049	36,785	1,264
Assessor's office	406,188	447,547	424,279	419,489	4,790
Building and grounds	224,849	186,757	207,757	206,819	938
Planning and zoning	371,417	451,790	451,790	402,487	49,303
Legal and attorney	171,217	231,750	186,750	147,970	38,780
Total general government	2,840,337	3,115,510	3,049,082	2,845,683	203,399
Public safety:					
Police	5,604,989	5,684,556	5,794,506	5,791,194	3,312
Fire	671,804	756,874	756,874	732,838	24,036
Building and zoning	891,811	825,478	828,050	755,079	72,971
Total public safety	7,168,604	7,266,908	7,379,430	7,279,111	100,319
Public services	1,260,654	1,021,882	1,021,382	995,548	25,834
Contingency	-	429,520	402,150	229,594	172,556
Total expenditures	11,269,595	11,833,820	11,852,044	11,349,936	502,108
Excess of Revenues Over Expenditures	995,974	962,379	944,155	1,368,526	424,371
Other Financing Uses					
Transfer to Capital Projects Fund	(90,000)	-	-	(295,000)	(295,000)
Transfer to Master Campus Fund	(856,990)	(962,379)	(962,379)	(962,353)	26
Total other financing uses	(946,990)	(962,379)	(962,379)	(1,257,353)	(294,974)
Net Change in Fund Balance	48,984	-	(18,224)	111,173	129,397
Fund Balance - Beginning of year	1,454,875	1,503,859	1,503,859	1,503,859	-
Fund Balance - End of year	<u>\$ 1,503,859</u>	<u>\$ 1,503,859</u>	<u>\$ 1,485,635</u>	<u>\$ 1,615,032</u>	<u>\$ 111,173</u>

Major Special Revenue Fund

The Solid Waste Fund is a Special Revenue Fund. Special Revenue Funds account for the proceeds of specific revenue sources that are restricted to expenditures for specific purposes. This fund accounts for the operations of a residential and commercial rubbish collection and disposal system, primarily transportation to a privately owned and operated landfill.

Charter Township of Grand Blanc

Required Supplemental Information Budgetary Comparison Schedule Major Special Revenue Fund Year Ended December 31, 2007

	Solid Waste Fund				Variance with Amended Budget
	Prior Year Actual	Original Budget	Amended Budget	Actual	
Revenues					
Solid waste collection charges	\$ 1,050,136	\$ 1,129,365	\$ 1,129,365	\$ 1,129,260	\$ (105)
Interest	37,648	37,000	37,000	38,718	1,718
Total revenues	1,087,784	1,166,365	1,166,365	1,167,978	1,613
Expenditures - Public services - Solid waste collection	1,086,846	1,135,000	1,135,000	1,136,551	(1,551)
Excess of Revenues Over Expenditures	938	31,365	31,365	31,427	62
Fund Balance - Beginning of year	466,345	467,283	467,283	467,283	-
Fund Balance - End of year	<u>\$ 467,283</u>	<u>\$ 498,648</u>	<u>\$ 498,648</u>	<u>\$ 498,710</u>	<u>\$ 62</u>

Charter Township of Grand Blanc

Note to Required Supplemental Information December 31, 2007

Note - Budgetary Information

Budgetary Information - Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund and all Special Revenue Funds. All annual appropriations lapse at fiscal year end.

The Charter Township adopts a formal budget for the General Fund, Special Revenue Fund, and Capital Projects Funds. By August 1 of each year, all department heads submit spending requests to the Charter Township supervisor so that a budget may be prepared. Before September 1, the proposed budget is submitted to the Charter Township board for review. Public hearings are held, and the final budget is adopted no later than November 1. No later than December 31, the Charter Township must approve any budget amendments.

The budget document presents information by fund, function, department, and line items. Appropriations are adopted by the Charter Township board on a departmental basis; this is the legal level of budgetary control. Expenditures at the departmental level in excess of budget appropriations are a violation of Michigan law. During the year, the budget was amended in a legally permissible manner, except for a final amendment which occurred subsequent to year end. Encumbrances represent commitments related to unperformed contracts (or purchase orders) for goods or services. Encumbrances are not included as expenditures or liabilities; the amount of encumbrances outstanding at December 31, 2007 is not significant. Unexpended appropriations lapse at year end.

During the year, the Township budgeted a fund deficit for the Civic Campus Fund; however, there is positive fund balance at the end of the year.

Excess of Expenditures Over Appropriations in Budgeted Funds - During the year, the only significant expenditure in excess of appropriation was the General Fund transfer to the Capital Projects Fund for \$295,000 that was not budgeted.

Following is a reconciliation of the General Fund's budget statement to the operating statement:

	<u>Expenditures</u>
Amount per operating statement	\$ 11,671,559
Proceeds from debt budgeted to offset public services	<u>(321,623)</u>
Amount per budget statement	<u><u>\$ 11,349,936</u></u>

Other Supplemental Information

Major Capital Projects Fund and Nonmajor Governmental Funds

Major Capital Projects Fund

Capital Projects Funds are used to account for the acquisition of capital facilities other than those financed by the operations of an Enterprise Fund.

The Civic Campus Fund is a Capital Projects Fund. Capital Projects Funds account for all resources for the acquisitions of capital facilities by the Township. This fund accounts for resources for the construction of the Township's new Civic Campus facilities.

Nonmajor Special Revenue Funds

Special Revenue Funds account for the proceeds of specific revenue sources that are restricted to expenditures for specific purposes. A description of the Special Revenue Funds included as nonmajor governmental funds is as follows:

Drug Forfeiture Fund - This fund accounts for monies received from the Federal Drug Enforcement Agency for law enforcement purposes and for state funds related to drug enforcement purposes. These monies are to be used to supplement existing law and drug enforcement funds in the law enforcement field.

Law Enforcement Fund - This fund accounts for monies received as a result of gambling raids. These funds are to be used for law enforcement enhancement.

Bicentennial Park Fund - This fund accounts for monies received from Trinity Wireless for the use of land within Bicentennial Park for a cellular tower. These funds are to be used for Bicentennial Park improvements.

PEG Channel Grant Fund - This fund accounts for monies collected by the Charter Township for the operation of public, educational, and government channels (PEG).

Nonmajor Capital Projects Funds

Capital Projects Fund - This fund is used to account for earmarked revenue set aside for public improvements of a major nature. Revenue sources to date have come solely from General Fund operating transfers.

Master Campus Project - This fund is used to account for property taxes set aside for all costs associated with the development and construction of a Charter Township master campus.

Major Capital Projects Fund and Nonmajor Governmental Funds (Continued)

Nonmajor Permanent Funds

Permanent Funds account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for Charter Township programs. A description of the Permanent Funds included as nonmajor governmental funds is as follows:

Oakwood Cemetery Fund - This fund is used to account for Oakwood Cemetery deposits.

Perry Cemetery Fund - This fund is used to account for Perry Cemetery deposits.

Maple Cemetery Fund - This fund is used to account for Maple Cemetery deposits.

Charter Township of Grand Blanc

	Special Revenue Funds			
	Drug Forfeiture	Law Enforcement	Bicentennial Park	PEG Channel Grant
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-
Due from other funds	23,235	10,335	6,964	3,088
Total assets	<u>\$ 23,235</u>	<u>\$ 10,335</u>	<u>\$ 6,964</u>	<u>\$ 3,088</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 50	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Total liabilities	50	-	-	-
Fund Balances				
Reserved:				
Cable TV activities	-	-	-	3,088
Law enforcement	23,185	10,335	-	-
Cemetery - Unexpendable	-	-	-	-
Cemetery - Expendable	-	-	-	-
Unreserved - Designated - Capital projects	-	-	-	-
Unreserved - Undesignated	-	-	6,964	-
Total fund balances	23,185	10,335	6,964	3,088
Total liabilities and fund balances	<u>\$ 23,235</u>	<u>\$ 10,335</u>	<u>\$ 6,964</u>	<u>\$ 3,088</u>

Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2007

Capital Projects Funds		Permanent Funds			Total Nonmajor Governmental Funds
Capital Projects Fund	Master Campus Project	Oakwood Cemetery Fund	Perry Cemetery Fund	Maple Cemetery Fund	
\$ -	\$ -	\$ 344	\$ 39,958	\$ 894	\$ 41,196
-	-	45,600	85,572	92,154	223,326
<u>1,888,247</u>	<u>1,916,491</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,848,360</u>
<u>\$ 1,888,247</u>	<u>\$ 1,916,491</u>	<u>\$ 45,944</u>	<u>\$ 125,530</u>	<u>\$ 93,048</u>	<u>\$ 4,112,882</u>
\$ 80	\$ 377,151	\$ -	\$ -	\$ -	\$ 377,281
-	-	-	1,120	-	1,120
<u>80</u>	<u>377,151</u>	<u>-</u>	<u>1,120</u>	<u>-</u>	<u>378,401</u>
-	-	-	-	-	3,088
-	-	-	-	-	33,520
-	-	15,655	87,576	24,349	127,580
-	-	30,289	36,834	68,699	135,822
<u>1,888,167</u>	<u>1,539,340</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,427,507</u>
-	-	-	-	-	6,964
<u>1,888,167</u>	<u>1,539,340</u>	<u>45,944</u>	<u>124,410</u>	<u>93,048</u>	<u>3,734,481</u>
<u>\$ 1,888,247</u>	<u>\$ 1,916,491</u>	<u>\$ 45,944</u>	<u>\$ 125,530</u>	<u>\$ 93,048</u>	<u>\$ 4,112,882</u>

Charter Township of Grand Blanc

	Special Revenue Funds			
	Drug Forfeiture	Law Enforcement	Bicentennial Park	PEG Channel Grant
Revenue				
Forfeitures and seizures	\$ 13,840	\$ 5,952	\$ -	\$ -
Investment income (loss)	-	-	-	-
Other	-	-	16,560	1,713
Total revenue	13,840	5,952	16,560	1,713
Expenditures				
General government	-	-	-	1,713
Public safety	4,746	9,797	-	-
Capital outlay	-	-	18,612	-
Interest expense and other	-	-	-	-
Total expenditures	4,746	9,797	18,612	1,713
Excess of Revenue Over (Under) Expenditures	9,094	(3,845)	(2,052)	-
Other Financing Sources - Transfer from other funds	-	-	-	-
Net Change in Fund Balances	9,094	(3,845)	(2,052)	-
Fund Balances - Beginning of year	14,091	14,180	9,016	3,088
Fund Balances - End of year	<u>\$ 23,185</u>	<u>\$ 10,335</u>	<u>\$ 6,964</u>	<u>\$ 3,088</u>

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes
in Fund Balances - Nonmajor Governmental Funds
Year Ended December 31, 2007

Capital Projects Funds		Permanent Funds			Total Nonmajor Governmental Funds
Capital Projects Fund	Master Campus Project	Oakwood Cemetery Fund	Perry Cemetery Fund	Maple Cemetery Fund	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,792
-	51,226	(1,320)	(23,941)	4,024	29,989
-	-	-	-	4,000	22,273
-	51,226	(1,320)	(23,941)	8,024	72,054
-	-	12	950	6,746	9,421
-	-	-	-	-	14,543
88,792	553,423	-	-	-	660,827
-	554,837	-	-	-	554,837
88,792	1,108,260	12	950	6,746	1,239,628
(88,792)	(1,057,034)	(1,332)	(24,891)	1,278	(1,167,574)
295,000	962,353	-	-	-	1,257,353
206,208	(94,681)	(1,332)	(24,891)	1,278	89,779
1,681,959	1,634,021	47,276	149,301	91,770	3,644,702
<u>\$ 1,888,167</u>	<u>\$ 1,539,340</u>	<u>\$ 45,944</u>	<u>\$ 124,410</u>	<u>\$ 93,048</u>	<u>\$ 3,734,481</u>

Charter Township of Grand Blanc

Other Supplemental Information Budgetary Comparison Schedule Major Capital Projects Funds Year Ended December 31, 2007

	Civic Campus			Variance with
	Prior Year Actual	Amended Budget	Actual	Amended Budget
Revenues - Interest	\$ 79,699	\$ 50,000	\$ 388,195	\$ 338,195
Expenditures - Capital outlay	<u>1,756,209</u>	<u>9,150,000</u>	<u>9,146,167</u>	<u>3,833</u>
Excess of Expenditures Over Revenues	(1,676,510)	(9,100,000)	(8,757,972)	342,028
Other Financing Sources (Uses)				
Proceeds from issuance of debt	10,800,000	-	-	-
Discount on bond proceeds	<u>(107,973)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources	10,692,027	-	-	-
Fund Balance - Beginning of year	<u>-</u>	<u>9,015,517</u>	<u>9,015,517</u>	<u>-</u>
Fund Balance (Deficit) - End of year	<u>\$ 9,015,517</u>	<u>\$ (84,483)</u>	<u>\$ 257,545</u>	<u>\$ 342,028</u>

Charter Township of Grand Blanc

Other Supplemental Information Budgetary Comparison Schedule Nonmajor Governmental Funds Year Ended December 31, 2007

	Drug Forfeiture Fund			
	Prior Year Actual	Amended Budget	Actual	Variance with Amended Budget
Revenues - Forfeitures and seizures	\$ 11,435	\$ 5,000	\$ 13,840	\$ 8,840
Expenditures - Public safety	<u>3,251</u>	<u>5,000</u>	<u>4,746</u>	<u>254</u>
Excess of Revenues Over Expenditures	8,184	-	9,094	9,094
Fund Balance - Beginning of year	<u>5,907</u>	<u>14,091</u>	<u>14,091</u>	<u>-</u>
Fund Balance - End of year	<u><u>\$ 14,091</u></u>	<u><u>\$ 14,091</u></u>	<u><u>\$ 23,185</u></u>	<u><u>\$ 9,094</u></u>

Charter Township of Grand Blanc

Other Supplemental Information Budgetary Comparison Schedule Nonmajor Governmental Funds (Continued) Year Ended December 31, 2007

	Law Enforcement Fund			
	Prior Year Actual	Amended Budget	Actual	Variance with Amended Budget
Revenues - Forfeitures and seizures	\$ -	\$ 4,000	\$ 5,952	\$ 1,952
Expenditures - Public safety	<u>3,312</u>	<u>5,000</u>	<u>9,797</u>	<u>(4,797)</u>
Excess of Expenditures Over Revenue	(3,312)	(1,000)	(3,845)	(2,845)
Fund Balance - Beginning of year	<u>17,492</u>	<u>14,180</u>	<u>14,180</u>	<u>-</u>
Fund Balance - End of year	<u>\$ 14,180</u>	<u>\$ 13,180</u>	<u>\$ 10,335</u>	<u>\$ (2,845)</u>

Charter Township of Grand Blanc

Other Supplemental Information Budgetary Comparison Schedule Nonmajor Governmental Funds (Continued) Year Ended December 31, 2007

	Bicentennial Park Fund			Variance with Amended Budget
	Prior Year Actual	Amended Budget	Actual	
Revenues - Rental income	\$ 16,560	\$ 16,560	\$ 16,560	\$ -
Expenditures - Capital outlay	<u>17,768</u>	<u>16,560</u>	<u>18,612</u>	<u>(2,052)</u>
Excess of Expenditures Over Revenue	(1,208)	-	(2,052)	(2,052)
Fund Balance - Beginning of year	<u>10,224</u>	<u>9,016</u>	<u>9,016</u>	<u>-</u>
Fund Balance - End of year	<u><u>\$ 9,016</u></u>	<u><u>\$ 9,016</u></u>	<u><u>\$ 6,964</u></u>	<u><u>\$ (2,052)</u></u>

Charter Township of Grand Blanc

Other Supplemental Information Budgetary Comparison Schedule Nonmajor Governmental Funds (Continued) Year Ended December 31, 2007

	PEG Channel Grant			Variance with Amended Budget
	Prior Year Actual	Amended Budget	Actual	
Revenues - PEG contributions	\$ 20,112	\$ 20,500	\$ 1,713	\$ (18,787)
Expenditures - Other	<u>20,112</u>	<u>20,500</u>	<u>1,713</u>	<u>18,787</u>
Excess of Expenditures Over Revenues	-	-	-	-
Fund Balance - Beginning of year	<u>3,088</u>	<u>3,088</u>	<u>3,088</u>	<u>-</u>
Fund Balance - End of year	<u><u>\$ 3,088</u></u>	<u><u>\$ 3,088</u></u>	<u><u>\$ 3,088</u></u>	<u><u>\$ -</u></u>

Charter Township of Grand Blanc

Other Supplemental Information Budgetary Comparison Schedule Nonmajor Governmental Funds (Continued) Year Ended December 31, 2007

	Capital Projects Fund			
	Prior Year Actual	Amended Budget	Actual	Variance with Amended Budget
Revenues	\$ 40,554	\$ -	\$ -	\$ -
Expenditures - Capital outlay	<u>723,199</u>	<u>450,000</u>	<u>88,792</u>	<u>361,208</u>
Excess of Expenditures Over Revenues	(682,645)	(450,000)	(88,792)	361,208
Other Financing Sources - Transfer from other funds	90,000	-	295,000	295,000
Fund Balance - Beginning of year	<u>2,274,604</u>	<u>1,681,959</u>	<u>1,681,959</u>	<u>-</u>
Fund Balance - End of year	<u><u>\$ 1,681,959</u></u>	<u><u>\$ 1,231,959</u></u>	<u><u>\$ 1,888,167</u></u>	<u><u>\$ 656,208</u></u>

Charter Township of Grand Blanc

Other Supplemental Information Budgetary Comparison Schedule Nonmajor Governmental Funds (Continued) Year Ended December 31, 2007

	Master Campus Project Fund			
	Prior Year Actual	Amended Budget	Actual	Variance with Amended Budget
Revenues - Interest income	\$ 34,121	\$ -	\$ 51,226	\$ 51,226
Expenditures				
Capital outlay	91,112	500,000	553,423	(53,423)
Interest	-	-	554,837	(554,837)
Total expenditures	91,112	500,000	1,108,260	(608,260)
Excess of Expenditures Over Revenues	(56,991)	(500,000)	(1,057,034)	(557,034)
Other Financing Sources -				
Transfer from other funds	856,990	962,379	962,353	(26)
Fund Balance - Beginning of year	834,022	1,634,021	1,634,021	-
Fund Balance - End of year	<u>\$ 1,634,021</u>	<u>\$ 2,096,400</u>	<u>\$ 1,539,340</u>	<u>\$ (557,060)</u>

Fiduciary Funds

A description of the Fiduciary Funds maintained by the Charter Township is as follows:

Pension Trust Fund - This fund accounts for employer and employee contributions to the Charter Township's defined contribution pension plan.

Employee Benefits Fund - This fund accounts for anticipated future costs of existing employee benefit programs.

Charter Township of Grand Blanc

Other Supplemental Information Combining Statement of Net Assets Pension and Other Employee Benefit Trust Funds December 31, 2007

	Pension Trust	Employee Benefits	Total
Assets			
Cash and equivalents	\$ 20	\$ 5,566	\$ 5,586
Investments:			
Mutual funds	4,256,187	-	4,256,187
Limited partnerships	13,878	-	13,878
Corporate bonds	244,365	-	244,365
Government securities	-	1,728,794	1,728,794
Other receivables	47,197	75,000	122,197
Due from General Fund	-	50,000	50,000
	<u>-</u>	<u>50,000</u>	<u>50,000</u>
 Total assets	 <u>\$ 4,561,647</u>	 <u>\$ 1,859,360</u>	 <u>\$ 6,421,007</u>
 Net Assets - Reserved for pension and other employee benefits	 <u>\$ 4,561,647</u>	 <u>\$ 1,859,360</u>	 <u>\$ 6,421,007</u>

Charter Township of Grand Blanc

Other Supplemental Information Combining Statement of Changes in Net Assets Pension and Other Employee Benefit Trust Funds Year Ended December 31, 2007

	Pension Trust	Employee Benefits	Total
Additions			
Investment income:			
Interest and dividends	\$ 55,461	\$ 81,730	\$ 137,191
Net increase in fair value of investments	<u>209,643</u>	<u>-</u>	<u>209,643</u>
Net investment income	265,104	81,730	346,834
Contributions - Employer	<u>328,577</u>	<u>125,000</u>	<u>453,577</u>
Total additions	593,681	206,730	800,411
Deductions			
Benefit payments	2,462	-	2,462
Administrative expenses	<u>12,717</u>	<u>-</u>	<u>12,717</u>
Total deductions	<u>15,179</u>	<u>-</u>	<u>15,179</u>
Net Increase	578,502	206,730	785,232
Net Assets Held in Trust for Pension and Other Employee Benefits			
Beginning of year	<u>3,983,145</u>	<u>1,652,630</u>	<u>5,635,775</u>
End of year	<u>\$ 4,561,647</u>	<u>\$ 1,859,360</u>	<u>\$ 6,421,007</u>

Charter Township of Grand Blanc

Fiduciary Funds Statement of Changes in Assets and Liabilities - Agency Fund Year Ended December 31, 2007

	Balance January 1, 2007	Additions	Deductions	Balance December 31, 2007
Assets - Cash and cash equivalents	<u>\$ 9,721,163</u>	<u>\$ 59,081,159</u>	<u>\$ 61,825,158</u>	<u>\$ 6,977,164</u>
Liabilities - Undistributed tax collections	<u>\$ 9,721,163</u>	<u>\$ 59,081,159</u>	<u>\$ 61,825,158</u>	<u>\$ 6,977,164</u>

Statistical Section

Charter Township of Grand Blanc

Description of Statistical Section

This part of the Charter Township of Grand Blanc's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary says about the Charter Township's overall financial health. Many of the schedules present data for the past fiscal years that will allow the reader to discern trends that cannot be seen in a single year's financial statements.

Contents

Financial Trends:

These schedules contain trend information to help the reader understand how the Charter Township's financial performance and well-being have changed over time.

Revenue Capacity:

These schedules contain information to help the reader assess the locally levied taxes including the property tax collected by the Charter Township treasurer, which represents the Charter Township's largest revenue source.

Debt Capacity:

These schedules present information to help the reader assess the affordability of the Charter Township's current levels of outstanding debt and the Charter Township's ability to issue debt in the future.

Demographic Information:

These schedules offer demographic indicators to help the reader understand the environment within which the Charter Township's financial activities take place.

Operating Information:

These schedules contain service data to help the reader understand how the information in the Charter Township's financial report relates to the services the Township provides and the activities it performs.

Sources

Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The Charter Township implemented GASB Statement No. 34 in 2003; schedules representing government-wide information include information beginning in that year. The reported numbers begin with the year for which information is available.

Charter Township of Grand Blanc

Financial Trend Information Net Assets by Component Statement of Net Assets

	Fiscal Year			
	2004	2005	2006	2007
Governmental Activities				
Invested in capital assets -				
Net of related debt	\$ 5,685,105	\$ 6,061,001	\$ 6,313,242	\$ 6,718,990
Restricted	477,616	745,081	790,887	804,767
Unrestricted	<u>5,238,804</u>	<u>5,480,340</u>	<u>5,877,983</u>	<u>5,932,952</u>
Total net assets	11,401,525	12,286,422	12,982,112	13,456,709
Business-type Activities				
Invested in capital assets -				
Net of related debt	69,497,610	72,709,732	77,445,337	80,339,816
Restricted - Mosquito	114,653	-	-	-
Unrestricted	<u>5,021,322</u>	<u>9,755,242</u>	<u>8,227,121</u>	<u>9,347,557</u>
Total net assets	74,633,585	82,464,974	85,672,458	89,687,373
Primary Government in Total				
Invested in capital assets -				
Net of related debt	75,182,715	78,770,733	83,758,579	87,058,806
Restricted	592,269	745,081	790,887	804,767
Unrestricted	<u>10,260,126</u>	<u>15,235,582</u>	<u>14,105,104</u>	<u>15,280,509</u>
Total net assets	<u>\$ 86,035,110</u>	<u>\$ 94,751,396</u>	<u>\$ 98,654,570</u>	<u>\$ 103,144,082</u>

Note: In fiscal year 2003, the City adopted GASB No. 34 and began reporting a government-wide statement of net assets.

Charter Township of Grand Blanc

Financial Trend Information Changes in Governmental Net Assets

	Fiscal Year			
	2004	2005	2006	2007
Expenses				
General government	\$ 2,789,281	\$ 3,457,066	\$ 3,151,040	\$ 2,715,114
Public safety	5,892,463	6,409,202	7,059,945	7,974,790
Public services	1,613,483	1,691,373	2,144,233	2,007,753
Community and economic development	298,852	395,745	259,316	432,944
Recreation and culture	242,510	207,256	120,673	345,344
Interest on long-term debt	5,256	-	198,156	484,127
Total governmental activities	10,841,845	12,160,642	12,933,363	13,960,072
Program Revenues - Charges for services, grants, and contributions	2,673,227	3,036,812	2,602,717	2,917,890
Net Expense	(8,168,618)	(9,123,830)	(10,330,646)	(11,042,182)
General Revenues				
Property taxes	6,407,809	6,931,573	7,528,398	8,120,917
State-shared revenues	2,323,369	2,302,999	2,568,081	2,288,035
Unrestricted investment earnings	120,879	302,662	651,273	1,016,079
Unrestricted fees and other	338,206	-	278,584	91,748
Miscellaneous	-	356,840	-	-
Transfers	-	114,653	-	-
Total general revenues	9,190,263	10,008,727	11,026,336	11,516,779
Net Change in Net Assets	1,021,645	884,897	695,690	474,597
Net Assets - Beginning of year	10,379,880	11,401,525	12,286,422	12,982,112
Net Assets - End of year	<u>\$ 11,401,525</u>	<u>\$ 12,286,422</u>	<u>\$ 12,982,112</u>	<u>\$ 13,456,709</u>

Note: In fiscal year 2003, the City adopted GASB No. 34 and began reporting a government-wide statement of net assets.

Charter Township of Grand Blanc

	Fiscal Year Ended December 31				
	1998	1999	2000	2001	2002
Operating Revenue					
Sale of water	\$ 1,580,272	\$ 1,710,251	\$ 2,340,667	\$ 2,166,309	\$ 2,555,504
Sewage disposal charges	2,474,436	2,598,241	2,999,479	2,809,227	3,388,824
Water meters	134,872	141,625	134,664	188,951	212,209
Interest and penalty charges	104,133	99,779	105,683	146,662	153,895
State grants	-	-	-	-	-
Total operating revenue	4,293,713	4,549,896	5,580,493	5,311,149	6,310,432
Operating Expenses					
Cost of water produced/purchased	1,511,212	1,814,593	1,651,806	1,941,374	2,128,152
Cost of sewage treatment	1,676,657	1,793,501	2,050,174	1,860,960	2,147,061
Billing and administrative costs	866,026	1,065,548	1,175,583	1,217,274	1,330,145
Depreciation	-	-	-	-	865,290
Total operating expenses	4,053,895	4,673,642	4,877,563	5,019,608	6,470,648
Operating Income (Loss)	239,818	(123,746)	702,930	291,541	(160,216)
Nonoperating Revenue (Expenses)					
Investment income	119,585	123,613	130,237	148,375	109,978
Interest expense	(3,038)	-	-	(3,095)	(13,794)
Gain (loss) on disposal of assets	-	1,619	-	209	(4,948)
Special assessments	101,821	106,318	105,598	107,518	155,306
Mosquito spraying	(101,371)	(103,581)	(103,941)	(106,210)	(106,210)
Transfer to other funds	-	-	-	-	-
Total nonoperating revenue	116,997	127,969	131,894	146,797	140,332
Net Gain (Loss) Before Capital Contributions	356,815	4,223	834,824	438,338	(19,884)
Capital Contributions					
Tap-in and line inspection fees	-	-	-	-	-
Special assessments	-	-	-	-	-
Lines constructed by developers	-	-	-	-	-
Total capital contributions	-	-	-	-	-
Net Change in Net Assets	356,815	4,223	834,824	438,338	(19,884)
Net Assets - Beginning of year	4,182,776	4,539,591	4,543,814	5,378,638	7,308,388
Net Assets - End of year	\$ 4,539,591	\$ 4,543,814	\$ 5,378,638	\$ 5,816,976	\$ 7,288,504

Financial Trend Information

Changes in Business-type Net Assets

Fiscal Year Ended December 31				
2003	2004	2005	2006	2007
\$ 2,784,542	\$ 3,001,280	\$ 3,535,177	\$ 3,316,345	\$ 4,182,899
3,467,972	3,551,442	3,932,200	4,088,433	4,592,911
129,032	133,225	174,346	105,943	84,419
173,409	191,401	154,855	249,531	406,600
-	-	-	-	456,052
6,554,955	6,877,348	7,796,578	7,760,252	9,722,881
2,054,948	2,772,907	2,720,390	2,913,389	3,491,168
2,123,294	2,291,187	2,386,334	3,527,250	3,764,758
1,452,076	1,711,677	1,811,590	938,473	1,458,300
942,851	1,345,027	1,443,420	1,511,155	1,605,608
6,573,169	8,120,798	8,361,734	8,890,267	10,319,834
(18,214)	(1,243,450)	(565,156)	(1,130,015)	(596,953)
100,312	105,735	185,175	494,134	463,256
(9,799)	-	-	-	-
-	4,070	-	3,465	(122,956)
166,315	180,794	-	-	-
(137,969)	(155,732)	-	-	-
-	-	(114,653)	-	-
118,859	134,867	70,522	497,599	340,300
100,645	(1,108,583)	(494,634)	(632,416)	(256,653)
1,291,247	1,496,759	6,313,863	2,506,456	1,980,246
72,458	481,900	45,873	36,875	25,889
2,144,878	2,410,300	1,966,287	1,296,569	2,265,433
3,508,583	4,388,959	8,326,023	3,839,900	4,271,568
3,609,228	3,280,376	7,831,389	3,207,484	4,014,915
7,288,504	71,353,209	74,633,585	82,464,974	85,672,458
\$ 71,353,209	\$ 74,633,585	\$ 82,464,974	\$ 85,672,458	\$ 89,687,373

Charter Township of Grand Blanc

	December 31			
	1998	1999	2000	2001
Fund Balances				
General Fund - Unreserved	\$ 871,424	\$ 931,905	\$ 952,068	\$ 1,007,738
All other governmental funds:				
Reserved:				
Mosquito levy	-	-	-	-
Law enforcement	6,063	8,709	8,709	8,709
Drug forfeiture	-	-	-	-
Cable TV activities - PEG Fund	-	-	-	-
Drug enforcement	24,245	28,979	24,970	9,576
Fire hall	-	-	-	-
Unreserved, reported in:				
Special Revenue Funds - Solid waste	179,589	210,505	260,467	313,855
Special Revenue Funds - Bicentennial Park	-	-	9,693	13,501
Capital Project Funds	885,613	740,006	899,635	2,400,714
Campus Project	-	-	-	-
Civic Campus Fund	-	-	-	-
Debt Service Funds - Water and sewer	490,552	519,754	546,753	573,864
Permanent funds - Cemetery:				
Unexpendable	42,738	42,738	59,721	59,721
Expendable	155,075	153,761	116,082	75,309
Total all other governmental funds	<u>\$ 2,655,299</u>	<u>\$ 2,636,358</u>	<u>\$ 2,878,098</u>	<u>\$ 4,462,987</u>

Financial Trend Information
Fund Balances - Governmental Funds

December 31					
2002	2003	2004	2005	2006	2007
\$ 1,030,189	\$ 1,018,296	\$ 1,045,513	\$ 1,454,875	\$ 1,499,961	\$ 1,608,985
-	-	-	-	3,898	6,047
25,848	26,518	16,373	17,492	14,180	10,335
-	-	1,138	5,907	14,091	23,185
25,588	60,579	22,380	3,088	3,088	3,088
5,276	-	-	-	-	-
-	-	-	-	-	-
297,778	184,936	279,813	466,345	467,283	498,710
1,764	6,624	16,747	10,224	9,016	6,964
2,225,147	2,649,441	2,731,023	2,274,604	1,681,959	1,888,167
-	150,182	461,153	834,022	1,634,021	1,539,340
-	-	-	-	9,015,517	257,545
167,167	162,782	-	-	-	-
43,604	105,627	105,627	122,191	155,716	127,580
65,746	68,676	52,286	130,058	132,631	135,822
\$ 3,888,106	\$ 4,433,662	\$ 4,732,052	\$ 5,318,806	\$ 14,631,361	\$ 6,105,768

Charter Township of Grand Blanc

	Year Ended December 31			
	1998	1999	2000	2001
Revenue				
Property taxes	\$ 4,470,229	\$ 4,723,427	\$ 5,008,089	\$ 5,046,893
Licenses and permits	864,125	987,328	907,498	1,284,875
Federal grants	371,009	235,790	140,797	51,631
State-shared revenues and grants	2,176,598	2,358,113	2,481,575	2,915,759
Charges for services	898,018	973,638	1,070,009	1,113,316
Fines and forfeitures	85,492	104,698	76,208	78,903
Investment income	337,330	309,460	413,679	413,781
Other	155,622	235,330	194,148	245,934
Total revenue	9,358,423	9,927,784	10,292,003	11,151,092
Expenditures				
General government	1,304,322	1,670,720	1,718,582	1,719,274
Public safety	3,276,388	3,791,906	4,005,698	4,612,660
Public services	2,133,835	2,044,842	1,884,533	1,747,487
Other	6,231	5,963	6,144	5,452
Capital outlay	2,108,863	545,607	518,340	234,513
Debt service principal	1,680,785	1,536,374	1,496,269	1,268,161
Debt service interest	-	-	-	-
Other	-	-	-	-
Total expenditures	10,510,424	9,595,412	9,629,566	9,587,547
Excess of Revenue Over (Under) Expenditures	(1,152,001)	332,372	662,437	1,563,545
Other Financing Sources (Uses)				
Debt issuance	-	-	-	150,000
Debt premium or discount	-	-	-	-
Transfers in	-	-	-	2,280,463
Transfers out	-	-	-	(2,280,463)
Total other financing sources	-	-	-	150,000
Net Change in Fund Balances	(1,152,001)	332,372	662,437	1,713,545
Fund Balances - Beginning of year	3,031,648	1,879,647	2,789,858	3,452,295
Fund Balances - End of year	<u>\$ 1,879,647</u>	<u>\$ 2,789,858</u>	<u>\$ 3,452,295</u>	<u>\$ 5,165,840</u>

Financial Trend Information
Changes in Fund Balances - Governmental Funds

Year Ended December 31					
2002	2003	2004	2005	2006	2007
\$ 5,432,863	\$ 5,909,327	\$ 6,359,871	\$ 6,947,143	\$ 7,525,780	8,120,917
1,412,537	1,216,745	1,241,715	1,440,310	1,183,970	1,187,765
-	-	24,065	-	60,235	100,193
2,760,329	3,016,237	2,420,418	2,406,442	2,627,621	2,371,390
1,098,336	1,168,050	1,227,837	1,275,480	1,050,136	1,129,260
153,024	137,489	132,635	147,882	118,065	114,199
202,863	199,820	120,879	328,203	654,244	1,020,103
321,035	417,331	291,700	426,534	374,482	302,862
11,380,987	12,064,999	11,819,120	12,971,994	13,594,533	14,346,689
2,013,856	2,278,435	2,738,634	2,773,106	2,863,050	2,855,104
5,383,975	5,743,612	5,939,996	6,746,784	7,175,167	7,293,654
2,014,288	2,518,843	2,198,652	1,950,818	2,347,500	2,453,722
4,585	-	-	-	-	-
1,101,704	330,006	146,495	1,024,108	2,588,288	9,806,994
1,200,654	455,188	455,188	-	-	-
-	27,630	12,624	-	-	784,431
-	165,730	29,140	-	-	-
11,719,062	11,519,444	11,520,729	12,494,816	14,974,005	23,193,905
(338,075)	545,555	298,391	477,178	(1,379,472)	(8,847,216)
-	-	-	-	10,800,000	321,623
-	-	-	-	(107,973)	-
1,100,000	1,000,712	715,854	993,305	946,990	1,257,353
(1,100,000)	(1,000,712)	(715,854)	(883,730)	(946,990)	(1,257,353)
-	-	-	109,575	10,692,027	321,623
(338,075)	545,555	298,391	586,753	9,312,555	(8,525,593)
5,165,840	4,827,765	4,433,662	4,732,053	5,318,806	14,631,361
\$ 4,827,765	\$ 4,433,662	\$ 4,732,053	\$ 5,318,806	\$ 14,631,361	\$ 6,105,768

Charter Township of Grand Blanc

Taxable Value by Property Type						
Real Property						
Tax Year	Residential	Commercial	Industrial	Agricultural and Other	IFT Real	
1998	\$ 453,402,865	\$ 107,324,709	\$ 44,158,560	\$ -	\$ 25,466,900	
1999	496,307,197	121,343,537	46,797,429	-	25,871,004	
2000	549,392,330	132,005,933	48,367,042	-	26,931,567	
2001	614,822,305	143,232,371	52,144,368	-	26,986,149	
2002	691,422,172	161,628,532	57,935,960	-	21,865,799	
2003	758,684,136	174,517,419	60,636,287	-	22,866,356	
2004	836,757,967	186,527,937	62,563,902	-	23,823,900	
2005	909,882,944	198,881,657	63,088,569	-	23,919,585	
2006	993,823,502	222,001,854	66,846,585	-	21,396,298	
2007	1,049,143,441	263,087,297	68,692,698	-	5,077,900	

Note: Under Michigan law, the revenue base is taxable value.

Taxes levied in a particular "tax year" become revenue of the subsequent fiscal year

Tax Year	Millage Rates - Direct Township Taxes					Overlapping Taxes	
	General Operating	Debt	Mosquito	Police	Total Direct Taxes	County	Community College
1998	3.6806	1.4598	0.1393	0.9590	6.2387	8.2618	1.8745
1999	3.6806	1.3042	0.1330	0.9514	6.0692	8.2345	1.8694
2000	3.6806	0.9505	0.1250	0.9425	5.6986	8.2271	1.8694
2001	3.6806	0.8476	0.1250	0.9205	5.5737	8.2187	2.8672
2002	3.9806	0.4678	0.1500	0.9253	5.5237	8.1831	2.8280
2003	3.9806	0.4153	0.1500	0.9153	5.4612	8.1373	2.7466
2004	4.3806	-	0.1500	0.9148	5.4454	8.5154	2.6807
2005	4.3806	-	0.1297	0.9128	5.4231	8.5091	2.6807
2006	4.3806	-	0.1296	0.9128	5.4230	10.1792	2.6796
2007	4.3806	-	0.1185	0.9128	5.4119	10.2092	2.6796

Revenue Capacity Information

Assessed Value and Actual Value of Taxable Property

Taxable Value by Property Type

Personal Property	IFT Pers.	Total Ad-Val	Total Abated	Total Value	GBT Tax Rate (Mills)	Estimated Actual Value	Taxable Value as a % of Actual
\$ 100,085,400	\$ 18,438,500	\$ 704,971,534	\$ 43,905,400	\$ 748,876,934	6.2387	\$ 1,633,083,000	45.80%
110,178,100	16,066,000	774,626,263	41,937,004	816,563,267	6.0692	1,801,398,800	45.32%
98,217,200	16,456,600	827,982,505	43,388,167	871,370,672	5.6986	1,837,971,400	47.40%
103,464,100	14,673,600	913,663,144	41,659,749	955,322,893	5.5737	2,046,331,800	46.66%
108,264,600	9,537,200	1,019,251,264	31,402,999	1,050,654,263	5.5237	2,287,789,000	45.94%
107,813,600	10,518,000	1,101,651,442	33,384,356	1,135,035,978	5.4612	2,553,378,000	44.43%
104,453,963	10,137,300	1,190,303,769	33,947,420	1,224,251,189	5.4454	2,684,475,400	45.61%
108,761,952	10,082,600	1,280,615,122	34,002,185	1,314,617,307	5.4231	2,879,649,400	45.65%
91,676,305	4,245,700	1,374,348,246	25,641,998	1,399,990,244	5.4230	3,065,639,800	45.67%
90,988,800	3,101,600	1,471,912,236	8,179,500	1,480,091,736	5.4119	3,111,956,800	47.56%

Direct and Overlapping Property Tax Rates

Overlapping Taxes			Total Tax Rate	
Intermediate School District	School - Homestead	School - Non- homestead	Homestead	Non-homestead
3.6032	8.8000	26.8000	28.7782	46.7782
3.5894	8.7925	26.6719	28.5550	46.4344
3.5894	8.8000	26.6311	28.1845	46.0156
3.5835	8.7923	26.7923	29.0354	47.0354
3.5673	8.7872	26.5352	28.8893	46.6373
3.5469	7.7779	25.4123	27.6699	45.3043
3.5361	11.4768	23.1112	31.6544	49.2888
3.5361	11.5015	22.8290	31.6505	48.9780
3.5341	11.4700	23.4700	33.2859	50.6134
3.5341	11.3600	23.3600	33.1948	51.1948

Charter Township of Grand Blanc

Revenue Capacity Information Principal Property Taxpayers

Principal Taxpayers	Type of Business	2007 Taxable Value	Percent of Total	1998 Taxable Value	Percent of Total	1998 Rank
1 General Motors	Auto manufacturing	\$ 38,617,002	2.61	\$ 84,335,470	11.28	1
2 Consumers Energy	Utilities	19,497,192	1.32	14,772,975	1.98	3
3 Ring Screw Works	Manufacturing	14,162,721	0.96	9,802,093	1.31	5
4 Auken	Real estate	10,429,633	0.70	10,874,129	1.45	4
5 Edward Rose Assoc.	Apartments	9,896,100	0.67	6,233,200	0.83	7
6 Wal-Mart/Sam's	Retail sales	9,418,500	0.64	-	-	-
7 Knollwood Village Assoc.	Apartments	9,186,600	0.62	9,533,000	1.27	6
8 Genesys Medsports	Health/Fitness/Conference	9,065,400	0.61	-	-	-
9 Edward Rose Dev. Co.	Construction	9,632,500	0.65	-	-	-
10 Grand Blanc Processing	Manufacturing	6,430,900	0.43	-	-	-

Source: Township Assessing Department Records

Property Tax Levies and Collections

Fiscal Year Ended December 31	Total Levy (1)	Current Collections	Percent of Levy Collected	Delinquent Collections	Total Tax Collections	Percent of Total Collections to Tax Levy
1998	\$ 4,392,004	\$ 4,117,227	93.74	\$ 274,140	\$ 4,391,367	99.99
1999	4,698,371	4,425,947	94.20	249,734	4,675,681	99.52
2000	4,717,231	4,463,157	94.61	245,783	4,708,940	99.82
2001	5,088,582	4,820,983	94.74	263,741	5,084,724	99.92
2002	5,631,979	5,308,723	94.26	286,174	5,594,897	99.34
2003	6,014,126	5,798,942	96.42	190,231	5,989,173	99.59
2004	6,574,010	6,379,021	97.03	111,672	6,490,693	98.73
2005	7,004,728	6,889,856	98.36	23,428	6,913,284	98.69
2006	7,454,988	7,399,821	99.26	4,839	7,404,660	99.32
2007	7,955,313	7,924,883	99.62	12,188	7,937,070	99.77

(1) Does not include penalty and interest on late payment of taxes

Charter Township of Grand Blanc

	1998	1999	2000	2001
Governmental Activities				
General obligation bonds	\$ -	\$ -	\$ -	\$ -
Installment purchase agreements	-	-	-	150,000
Special assessment bonds	<u>737,093</u>	<u>636,873</u>	<u>781,297</u>	<u>768,729</u>
Total	737,093	636,873	781,297	918,729
Business-type Activities - Installment				
purchase agreements	<u>5,870,959</u>	<u>4,562,926</u>	<u>3,243,890</u>	<u>2,246,264</u>
Total debt of the government	<u>\$ 6,608,052</u>	<u>\$ 5,199,799</u>	<u>\$ 4,025,187</u>	<u>\$ 3,164,993</u>
Median household income per census	\$ 20,050	\$ 20,050	\$ 59,858	\$ 59,858
Total Population (Per Federal Census 10 yr)	25,392	25,392	25,392	25,392
Total debt per capita	\$ 260	\$ 205	\$ 159	\$ 125

Note: If personal income is unavailable, it is acceptable to use taxable value

Debt Capacity Information Ratios of Outstanding Debt

2002	2003	2004	2005	2006	2007
\$ -	\$ -	\$ -	\$ -	\$ 10,800,000	\$ 10,800,000
140,000	130,000	120,000	105,000	90,000	75,000
647,547	526,365	405,182	284,000	185,811	376,530
787,547	656,365	525,182	389,000	11,075,811	11,251,530
1,050,589	455,187	-	-	-	-
\$ 1,838,136	\$ 1,111,552	\$ 525,182	\$ 389,000	\$ 11,075,811	\$ 11,251,530
\$ 59,858	\$ 59,858	\$ 59,858	\$ 59,858	\$ 59,858	\$ 59,858
25,392	25,392	25,392	25,392	25,392	29,827
\$ 72	\$ 44	\$ 21	\$ 15	\$ 436	\$ 377

Charter Township of Grand Blanc

Debt Capacity Information Ratios of General Bonded Debt Outstanding

Fiscal Year	General Obligation Bonds	Less Pledged Debt Service Funds	Net General Bonded Debt	Total Taxable Value Ad Valorem and IFT	Debt as a Percentage of Taxable Value	Estimated Population	General Obligation Debt per Capita
1998	\$ 5,871,000	\$ 491,000	\$ 5,380,000	\$ 747,902,000	0.72	25,392	\$ 212
1999	4,563,000	520,000	4,043,000	816,439,688	0.50	25,392	159
2000	3,244,000	547,000	2,697,000	871,269,165	0.31	29,827	90
2001	2,195,000	574,000	1,621,000	954,764,747	0.17	29,827	54
2002	1,050,000	167,000	883,000	1,051,049,801	0.08	29,827	30
2003	585,000	163,000	422,000	1,134,557,982	0.04	29,827	14
2004	120,000	-	120,000	1,224,270,807	0.01	29,827	4
2005	105,000	-	105,000	1,314,617,307	0.01	35,075	3
2006	10,890,000	-	10,890,000	1,399,990,244	0.78	35,075	310
2007	10,875,000	-	10,875,000	1,480,091,736	0.73	35,075	310

Direct and Overlapping Debt

Jurisdiction	Debt Outstanding	Percent Applicable to Charter Township	Amount Applicable to Charter Township
Direct debt - Charter Township of Grand Blanc	\$ 10,800,000	100.00	\$ 10,800,000
Overlapping debt:			
Genesee County	35,621,974	12.42	4,424,249
Grand Blanc School District	98,790,000	73.49	72,600,771
Goodrich School District	41,393,670	10.92	4,520,189
Lake Fenton School District	29,235,000	2.60	760,110
Mott Community College	86,900,000	11.84	10,288,960
Bishop Airport Authority	10,555,000	12.42	1,310,931
Total	<u>\$ 313,295,644</u>		<u>\$ 104,705,210</u>

Charter Township of Grand Blanc

	1998	1999	2000	2001
Debt Limit (Fiscal Year Ended) (1)				
State equalized valuation (previous year)	\$ 816,541,900	\$ 900,699,400	\$ 962,426,600	\$ 1,064,842,300
Debt limit (10 percent of State equalized valuation)	81,654,190	90,069,940	96,242,660	106,484,230
Debt Applicable to Debt Limit				
Total bonded debt	6,732,942	5,370,506	4,236,687	3,139,822
Less deductions allowed by law:				
Special Assessment Bonds	(737,093)	(636,873)	(781,297)	(768,729)
General Obligation Limited Tax Bonds	-	-	-	-
Employee-compensated absences	(124,890)	(170,707)	(211,500)	(175,554)
County contractual obligations	(5,870,959)	(4,562,926)	(3,243,890)	(2,045,539)
Total amount of debt applicable to debt limit	-	-	-	150,000
Legal Debt Margin	\$ 81,654,190	\$ 90,069,940	\$ 96,242,660	\$ 106,334,230

(1) The legal debt limit continues to be derived from state equalized value (SEV), not taxable value (TV).

Debt Capacity Information Legal Debt Margins

2002	2003	2004	2005	2006	2007
\$ 1,175,318,800	\$ 1,276,689,000	\$ 1,376,198,900	\$ 1,473,832,800	\$ 1,558,529,700	\$ 1,628,440,700
117,531,880	127,668,900	137,619,890	147,383,280	155,852,970	162,844,070
1,968,123	1,413,656	844,613	756,403	11,367,424	11,710,212
(647,547)	(526,365)	(405,182)	(284,000)	(185,811)	(376,530)
-	-	-	-	(10,800,000)	(10,800,000)
(270,201)	(302,104)	(319,431)	(367,403)	(291,613)	(458,682)
(910,375)	(455,187)	-	-	-	-
140,000	130,000	120,000	105,000	90,000	75,000
<u>\$ 117,391,880</u>	<u>\$ 127,538,900</u>	<u>\$ 137,499,890</u>	<u>\$ 147,278,280</u>	<u>\$ 155,762,970</u>	<u>\$ 162,769,070</u>

Charter Township of Grand Blanc

Demographic and Economic Statistics Demographic and Economic Information

Fiscal Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate
1998	25,392	(A)	(A)	(A)
1999	25,392	(A)	(A)	(A)
2000	29,827	(A)	\$ 27,520	0.04
2001	29,827	(A)	(A)	(A)
2002	29,827	(A)	(A)	(A)
2003	29,827	(A)	(A)	(A)
2004	29,827	(A)	(A)	(A)
2005	35,075	(A)	(A)	(A)
2006	35,075	(A)	(A)	(A)
2007	35,075	(A)	(A)	(A)

(A) Not available

Principal Employers

	2007 Employees
Taxpayer	
1 Genesys Health System	3,050
2 General Motors Service Parts Operation	1,330
3 Grand Blanc Community Schools	812
4 General Motors Stamping Plant	540
5 Wal-Mart	376
6 Serra Automotive Group	260
7 Inalfa Roof Systems	218
8 Genesys Athletic Club	210
9 Hutchings Automotive Pro/ Mehr Tube	203
10 Acumet Industries	200

Charter Township of Grand Blanc

Operating Information Full-time Equivalent Government Employees

Function/Program	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Government										
General government	36	41	45	53	58	61	55	-	-	-
Supervisor	2	2	2	2	2	2	2	2	2	2
Treasurer	2	2	2	2	2	2	2	2	2	2
Clerk	2	2	2	2	2	2	2	2	2	2
Finance	4	4	5	5	5	4	5	5	5	4
General office	-	-	-	4	4	4	4	4	4	4
Assessing	5	5	5	5	5	5	5	5	5	5
Public Safety										
Police	40	44	44	53	51	51	52	52	53	53
Fire and EMS	2	2	2	2	2	2	2	2	2	2
Part-time volunteer	51	51	58	58	52	52	52	45	48	40
Public Services										
DPW	13	18	21	25	30	34	17	20	20	20
Building	5	5	5	5	5	5	5	5	6	5
Planning/Zoning	3	3	3	3	3	3	3	3	4	4
Parks and recreation	5	5	5	5	6	6	6	6	6	6

Charter Township of Grand Blanc

Function/ Program	1998	1999	2000	2001
Police:				
Physical arrests	875	509	528	1,099
Traffic violations	2,809	2,693	2,126	2,242
Traffic stops	-	-	-	-
Calls for service	(A)	(A)	(A)	(A)
Fire:				
Emergency responses	424	524	489	458
Fires extinguished	(A)	(A)	(A)	(A)
Public works - Refuse collected (tons)	(A)	(A)	(A)	(A)
Parks and recreation - Recreation programs	(A)	560	(A)	(A)
Library:				
Circulation (books borrowed)	914,897	899,484	877,183	922,045
Collection volume	671,848	620,325	684,313	717,365
Water:				
New connections	(A)	(A)	(A)	(A)
Water main breaks	(A)	(A)	(A)	(A)
Miles of water mains	116	124	125	160
Number of water meters	3,340	3,522	3,661	4,089
Number of water units	-	-	-	-
Total consumption	74,604,906	82,641,038	90,568,962	99,697,798
Average consumption per meter	22,337	23,464	24,739	24,382
Sewer:				
Miles of sanitary sewer mains	173	193	195	213
Number of sewer customers	8,143	8,250	8,395	9,088

(A) Information not available

Operating Information Operating Indicators

2002	2003	2004	2005	2006	2007
1,794	1,873	2,445	2,527	2,410	2,273
4,498	4,371	5,548	5,577	3,324	4,445
-	-	-	-	-	8,599
(A)	(A)	(A)	(A)	16,184	17,208
448	511	482	438	484	499
(A)	97	113	79	102	94
(A)	(A)	(A)	14830	(A)	(A)
(A)	649	653	662	670	702
978,363	1,013,247	1,418,106	1,951,419	2,358,562	2,434,035
699,807	661,387	700,242	705,797	678,740	665,165
(A)	(A)	(A)	(A)	147	159
(A)	(A)	(A)	(A)	7	9
164	173	177	179	182	188
4,371	5,171	5,960	6,480	6,821	7,063
-	-	-	14,859	15,253	15,579
131,868,048	141,510,695	126,300,495	130,772,000	121,680,400	144,908,373
30,169	27,366	21,191	20,181	17,839	20,517
215	219	221	227	228	237
9,552	19,167	19,233	20,473	20,473	11,155

Charter Township of Grand Blanc

Operating Information Capital Asset Statistics

Function/ Program	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	(A)	(A)	(A)	(A)	(A)	(A)	(A)	(A)	(A)	(A)
Fire:										
Stations	3	3	3	3	3	3	3	3	3	3
Trucks	7	7	7	7	7	7	7	7	7	7
Public works:										
Streets (miles)	(A)	(A)	(A)	(A)	(A)	(A)	(A)	(A)	(A)	(A)
Streetlights	(A)	(A)	(A)	(A)	(A)	(A)	(A)	(A)	(A)	(A)
Traffic signals	(A)	(A)	(A)	(A)	(A)	(A)	(A)	(A)	(A)	(A)
Refuse collection trucks	(A)	(A)	(A)	(A)	(A)	(A)	(A)	(A)	(A)	(A)
Parks and recreation:										
Acreage	202	202	202	202	202	222	222	222	222	222
Playgrounds	1	1	1	2	2	2	1	1	1	1
Baseball/Softball diamonds	10	10	10	10	10	10	10	10	10	10
Pools/Splash pad	-	-	-	-	-	-	-	-	1	1
Libraries - Branches	1	1	1	1	1	1	1	1	1	1
Water:										
Mains (miles)	116.0	124.0	125.0	160.0	164.0	173.0	177.0	179.0	182.0	188.0
Fire hydrants	(A)	(A)	(A)	(A)	(A)	(A)	(A)	(A)	(A)	2,160
Storage capacity	(A)	(A)	(A)	(A)	(A)	(A)	(A)	(A)	(A)	(A)
Sewer:										
Miles of sanitary sewers	172.5	193.0	195.0	213.0	215.0	219.0	221.0	227.0	228.0	237.0
Miles of storm sewers	(A)	(A)	(A)	(A)	(A)	(A)	(A)	(A)	(A)	(A)
Treatment capacity	(A)	(A)	(A)	(A)	(A)	(A)	(A)	(A)	(A)	(A)

(A) Information not available

Charter Township of Grand Blanc Genesee County, Michigan

**Report to the Township Board of Trustees
December 31, 2007**



Plante & Moran, PLLC
Suite 400
1000 Oakbrook Drive
Ann Arbor, MI 48104
Tel: 734.665.9494
Fax: 734.665.0664
plantemoran.com

To the Board of Trustees
Charter Township of Grand Blanc

We have recently completed our audit of the basic financial statements of the Charter Township of Grand Blanc (the "Charter Township") for the year ended December 31, 2007. In addition to our audit report, we are providing the following letter of increased audit communications, required audit communication, summary of unrecorded possible adjustments, recommendations, and informational comments which impact the Charter Township:

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Other Recommendations	7-9
Informational - Legislative Matters, etc.	10-14

We are grateful for the opportunity to be of service to the Charter Township of Grand Blanc. Should you have any questions regarding the comments in this report, please do not hesitate to call.

Plante & Moran, PLLC

June 3, 2008

June 3, 2008

To the Board of Trustees
Charter Township of Grand Blanc

Dear Board Members:

Beginning with last year's audit, national auditing standards call for auditors to communicate matters to the governing body that may be useful in its oversight of the Township's financial management. Specifically, they require us to report internal control issues to the governing body that may be relatively minor, in order to allow it to evaluate their significance, and make any changes it may deem appropriate. In general, these are items that would have been discussed orally with management in the past. The purpose of these new standards is to allow the governing body an opportunity to discuss issues when they are relatively minor, rather than waiting until they become more serious problems. We hope this report on internal control will be helpful to you, and we look forward to being able to discuss any questions you may have concerning these issues.

In planning and performing our audit of the financial statements of the Township as of and for the year ended December 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal controls over financial reporting that we consider to be significant deficiencies and others we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal controls. We consider the following to be a significant deficiency in internal control:

To the Board of Trustees
Charter Township of Grand Blanc

- A periodic review of manual journal entries was not regularly performed during the year, resulting in significant audit journal entries. These entries had to be posted in order for the financial statements to be in compliance with generally accepted accounting principles (GAAP).
- Significant journal entries were initiated by the auditors. These entries had to be posted in order for the financial statements to be in compliance with generally accepted accounting principles.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We consider the following deficiencies to be material weaknesses:

- **Department of Public Works**

During the audit, it was discovered that the unbilled usage fees, accounts receivable, and metered water and sewer revenue balances were overstated in the Water and Sewer Fund. Audit adjustments were required in order for the financial statements to be in compliance with accounting principles generally accepted in the United States of America (GAAP). We encourage a more thorough review of these accounts at year end to ensure the balances are appropriately stated.

- **Accounts Payable**

During testing of accounts payable, it was noted that the retainage payable related to the Civic Campus Project was not recorded. It is important for the Township personnel to closely examine all invoices that are received near and after the end of the year to make sure the related expenses and liabilities are being recorded in the appropriate fiscal year.

To the Board of Trustees
Charter Township of Grand Blanc

We would like to thank Jeff Zittel, Linda Kingston, Cheryl Gelisse, Debra Barriger, the accounting department staff, and all other Township personnel for the cooperation extended to us during the audit.

Very truly yours,

Plante & Moran, PLLC

A handwritten signature in black ink, appearing to read "David Helisek".

David H. Helisek

A handwritten signature in black ink, appearing to read "Brian J. Camiller".

Brian J. Camiller



Plante & Moran, PLLC
Suite 400
1000 Oakbrook Drive
Ann Arbor, MI 48104
Tel: 734.665.9494
Fax: 734.665.0664
plantemoran.com

To the Board of Trustees
Charter Township of Grand Blanc

We have audited the financial statements of the Charter Township of Grand Blanc for the year ended December 31, 2007 and have issued our report thereon dated June 3, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated January 15, 2008, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. We are responsible for planning and performing the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. As part of our audit, we considered the internal control of the Charter Township of Grand Blanc. Our consideration of internal controls was solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal controls.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters and our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on March 3, 2008.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Charter Township of Grand Blanc are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2007.

To the Board of Trustees
Charter Township of Grand Blanc

We noted no transactions entered into by the Charter Township of Grand Blanc during the year for which there is a lack of authoritative guidance or consensus

There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Difficulties Encountered in Performing the Audit

Capital asset schedules, the resulting entries in the general ledger, and the financial statement disclosures were not ready to be audited until the end of audit fieldwork or later.

Corrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. All misstatements identified during the audit have been corrected by management. Several misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole. See the report on internal control for detail.

Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management's Representations

We have requested certain representations from management that are included in the management representation letter dated June 3, 2008.

To the Board of Trustees
Charter Township of Grand Blanc

Management's Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

In the normal course of our professional association with the Charter Township of Grand Blanc, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the Charter Township of Grand Blanc, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition of our retention as the Charter Township of Grand Blanc's auditors.

This information is intended solely for the use of the board of trustees and management of the Charter Township of Grand Blanc and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Plante & Moran, PLLC



David H. Helisek



Brian J. Camiller

Other Recommendations

Charter Township of Grand Blanc

Other Recommendations

In addition to the items stated above in the report on internal control, we have identified additional matters that we would like to communicate as a result of our audit. These matters are not considered to be significant deficiencies or material weaknesses.

Outstanding Checks

It was noted on the outstanding check listing at year end that there were outstanding checks greater than one year old. The check amounts were minimal; however, we recommend that the Township review these items and determine the proper course of action for followup.

Purchasing Policy

During the audit, it was noted that the Township does not have a recently updated purchasing policy. The most recent policy found was dated 1985. This version of the policy outlined that all purchases over \$500 require bids to be obtained. Currently, the Township actually requires bids for purchases over \$20,000. The Township should update and adopt a policy that is consistent with actual practices.

Construction Code Fees

During the audit, building construction fees continue to be less than the related expenses to provide these services. The Township should consider reviewing its fee structure and the expenses related to providing the services.

Capital Asset Inventory

The Township should consider performing a fixed asset inventory to account for each department's capital assets. While the Township is considering switching its capital assets to the BS&A software module, an inventory of assets will allow the new program to start off with a clean slate and true record of all departments' capital assets.

Defined Contribution Retirement System

The Township has more than 5 percent of net assets of the defined contribution retirement plan invested in GMAC Smartnotes. The Township should review the investment allocation and discuss with the investment manager to determine that all investment holdings are in compliance with the state regulations and to evaluate the risk of certain investments.

Charter Township of Grand Blanc

Other Recommendations

Cemetery Endowments

As mentioned in the prior year, investment earnings on stock donated to the Oakwood Cemetery were used to purchase additional shares of stock. Public Act 20 does not allow the Township to purchase stock in this type of governmental fund. The earnings on donated stock should be reinvested into investment vehicles allowed under Public Act 20.

Account Reconciliations

As mentioned last year, the general ledger of the Tax Fund is not regularly reconciled and adjusted to the actual payables to other governmental units. Currently, the Township is correctly and accurately remitting the collected taxes to the other governmental units based on the BS&A cash receipts report. Procedures should be implemented to reconcile these accounts on a regular basis, monthly or quarterly.

Civic Campus Fund Budget

The Civic Campus Fund budget was not amended during the year. Budgeted expenditures in excess of revenue were greater than actual beginning fund balance (a budgeted “fund deficit”). This is a violation of Michigan law.

We appreciate the continued opportunity to serve as your auditors for the Township. We would be happy to answer any questions you have regarding the annual financial report, or the above comments and recommendations at your convenience.

Informational

Revenue Sharing

The annual funding of revenue sharing continues to be static at best - which is down considerably compared to funding levels in 2001. In 2001, the Township received approximately \$2.7 million in revenue sharing annually. The current funding level is about \$2.3 million - an annual decrease of approximately \$400 thousand from historical funding levels.

The condition of the State's budget remains tenuous and that will impact the funding of revenue sharing going forward. The governor's budget that was introduced for the State's 2008/2009 fiscal year currently includes a small funding increase in revenue sharing. However, many open issues remain to be resolved with the revenue-sharing program, and the governor's 2008/2009 fiscal year budget occurred before issues with 2008 taxable valuations will be quantified (which could impact the State's School Aid Fund and indirectly the State's General Fund). There are a number of other factors that will impact revenue sharing including:

- **Future of County Participation in Statutory Revenue Sharing** - The question that remains is when the reserve funds established by counties several years ago as a result of the shift of the county tax levy date are depleted, will counties come back into the "revenue-sharing formula" and to what extent? Will the size of the statutory pot grow to accommodate counties or will there be a shift of the same monies from cities, villages, and townships to the counties?
- **Statutory Revenue-sharing Formula** - Legislative action is required on this Act for appropriations to continue beyond 2008.
- **Changes to Michigan's Tax Structure** - Significant changes to the Michigan tax structure were made in 2007 (elimination of the single business tax, creation of new Michigan business tax, passage and then subsequent repeal of the services tax, and addition of a surcharge to the Michigan business tax). Technical corrections on the new Michigan business tax continue to occur. The true financial impact on the State's budget of all these changes is hard to predict.

As previously indicated, the 2008/2009 state budget as introduced includes a slight increase in state-shared revenue. Specific details related to the funding remain to be worked out through the appropriations process. Given the continued uncertainty of the state budget and the recent history related to state-shared revenue, we strongly encourage all local governments to be conservative when budgeting or projecting the revenue-sharing line item.

Property Taxes and Taxable Value Changes

Challenges with property values in the current Michigan economy have been very well publicized. A number of factors are impacting the market value of properties including foreclosures, properties on the market for extended periods of time, properties selling below market value, etc. Property tax assessments are being completed currently for the 2008 tax year and tax rolls will not be finalized until May 2008. However, early indications are that declines in state equalized value may threaten the inflationary growth in taxable value that communities had been experiencing following the passage of Proposal A. We caution the Township to keep this in mind as it reviews the expected financial results for 2008, its budget for 2009, and the next few years thereafter.

As a response to the situation with the real estate market, legislation is being discussed in Lansing to adjust the mechanics of the general property tax act. The nature of the legislation has ranged from the suspension of the “pop-up” or increase in taxable value that occurs when a property sells or a “super cap” on taxable value that prohibits an increase in taxable value when market values are declining. The outcome of this legislation could also have a significant impact on the Township.

Lastly, more personal property tax relief is also part of the new Michigan business tax. Business personal property classified as “industrial” or “commercial” will be exempt from certain personal property taxes - specifically from the State Education Tax (SET) and local school operating mills. Industrial personal property will receive exemptions from the six SET mills and the 18 schools operating mills (for a total of 24 mill exemptions). Commercial personal property will be exempt from 12 of the 18 school operating mills.

New Auditing Standards

Effective for the Audit of the Year Ended December 31, 2006

As communicated to you last year, auditing rules effective December 15, 2006 have resulted in some changes in the communications that we are required to provide following our audit. These rules require us to more formally communicate matters we note about your accounting procedures and internal controls. While we have always provided our observations in these areas as part of our audit, we are now required to tell you about more items than we may have in the past, and to communicate them in writing.

The new auditing standards (Statement on Auditing Standards Number 112, referred to as SAS 112) require us to inform you about any matters or deficiencies we observe noted in your accounting procedures or internal controls that the new auditing standards define as a “significant deficiency.” The new threshold for a “significant deficiency” is a low one - a significant deficiency is any flaw that creates more than a remote risk of errors in your financial statements that could matter to a user of the statements. Matters that may be immaterial to the financial statements still may be classified by the new auditing standards as a significant deficiency. For example, the requirements of SAS 112 go so far as to classify certain journal entries proposed by your auditor as a “significant deficiency.”

The significant deficiencies identified during the audit are explained in the report on internal control.

Effective for the Audit of the Year Ended December 31, 2007

Several additional audit standards required implementation during the Township’s current financial statement audit. These new rules, which are known collectively as the new Risk Assessment Standards, significantly changed the procedures auditors must perform in all financial statement audits. These changes to auditing standards continue to occur as a result of the major corporate scandals (i.e., Enron, Worldcom) that happened several years ago and are designed to strengthen the confidence of users in audited financial statements.

Under these new rules, auditors are required to:

- More thoroughly examine and evaluate the Township’s accounting processes and controls, including the overall control environment, key controls over significant transactions, the quality of internal oversight of the financial reporting process, and information technology general controls
- More thoroughly assess and document conditions in clients’ systems and processes that create risks of material misstatement in their financial statements, and perform additional testing in response to these risks
- Design and perform more analytical tests of accounting and financial data
- Apply more stringent standards in identifying, assessing, and communicating internal control deficiencies
- Communicate more information about the results of the auditor’s work to individuals involved in overseeing strategic direction and accountability for operations

As a practical effect of these new rules, we were required to make more detailed and specific requests for information from the Township, particularly about processes and controls. We have developed tools that were given to the Township to comply with these new requirements.

Other New Accounting Standards

Retiree Health Care and New Accounting Standards

For the year ended December 31, 2007, the Township was required to implement GASB No. 43. For the year ending December 31, 2008, the Township is required to implement GASB No. 45. GASB Nos. 43 and 45 require a governmental unit to measure its retiree healthcare liability through actuarial valuations that are to be performed at least biennially. These valuations compute an annual required contribution (ARC). The annual required contribution is the amount the actuary believes is necessary to fund the benefit over a period of 30 years or less.

The Township has progressively gotten ahead of these new accounting standards. In past years, the Township already had its actuary perform the calculations required by these accounting standards and has begun the process of funding the liability. We compliment the Township for the actions taken in this regard.

As of the most recent actuarial valuation in October 2006, the annual required contribution to fully fund the retiree healthcare liability is approximately 25 percent of wages. For the year ended December 31, 2007, the Township's wage expense was approximately \$5.8 million, which would result in a contribution of approximately \$1.45 million. GASB Nos. 43 and 45 require the Township to calculate and record a liability equal to any unfunded ARC payment, but does not require that payment to be funded. Any contribution the Township can make, if not the full ARC, will help to reduce the actuarial accrued liability.

We would like to thank the Township board for the opportunity to serve as auditors for the Township. We would also like to express our appreciation for the courtesy and cooperation extended to us by the administration during the audit and, in particular, the Township's finance department staff. If any questions arise on reviewing the financial statements or on the above comments, we would be happy to discuss them with you further.